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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE
VOLUME 12

IN RE: IN THE MATTER OF :
THE INTEGRATED RESOURCE :
PLANNING FOR THE PROVISION OF :
STANDARD OFFER SUPPLY SERVICE : PSC DOCKET NO. 06-241
BY DELMARVA POWER & LIGHT :
COMPANY UNDER 26 DEL. C. $$:
1007 (c) & (d); REVIEW AND :
APPROVAL OF THE REQUEST FOR :
PROPOSALS FOR THE CONSTRUCTION:
OF NEW GENERATION RESOURCES :
UNDER 26 DEL. C. $$ 1007 (d) :
(OPENED JULY 25, 2006) :

Public Service Commission Hearing taken pursuant to notice before Gloria M. D'Amore, Registered Professional Reporter, at the Carvel State Office Building, 820 N. French Street Wilmington, Delaware, on Thursday, March 8, 2007 beginning at approximately 7:00 p.m., there being present:

APPEARANCES:

On behalf of the Public Service Commission:
RUTH ANN PRICE, HEARING EXAMINER

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APPEARANCES CONTINUED:

On behalf of the Public Service Commission:
ARNETTA McRAE, CHAIR
JOANNE CONAWAY, COMMISSIONER
JAY LESTER, COMMISSIONER

On behalf of the Public Service Commission Staff:
REGINA A. IORII, ESQUIRE

On behalf of the Public Service Commission Staff:
ROBERT HOWATT

On behalf of the Office of the Public Advocate:
G. ARTHUR PADMORE
BO SHEN

On behalf of Delmarva Power & Light Company:
ANTHONY C. WILSON, ESQUIRE
MARK FINFROCK

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HEARING EXAMINER PRICE: Good evening and welcome. My name is Ruth Ann Price. I will be the hearing examiner this evening for this public hearing session.

We are here in the matter of the integrated resource planning for the provision of standard offer service under Delmarva Power and Light Company pursuant to 26 Delaware Code Section 1007 Section C and D; review and approval of the request for proposals for the construction of new generation resources. This docket was opened July 25, 2006. It is PSC Docket No. 06-241.

This is a Public Comment Session sponsored by the state agencies responsible for issuing the RFP. These agencies are the State Energy Office, which is a division of the Department of Natural Resources and Environmental Control, DNREC, the Office of

Controller General, the Office of Management and Budget, and the Delaware Public Service Commission.

From these agencies, we have Burt Scoletti from the Office of Management and Budget. We have the Chair of the Public Service Commission, Arnetta McRae.

Are there any other representatives from

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the agencies here. Oh, we have Commissioner Joanne Conaway. Welcome, Commissioner.

In addition, from the Office of the Public Advocate, we have G. Arthur Padmore and Bo Shen.

Now, before we get started, I want to remind you that yesterday public's meeting in Georgetown was cancelled due to the inclement weather.

The public meeting for Georgetown is rescheduled to Monday, March 12, 2007 at seven p.m., at the Delaware Tech Campus. It is in the theater, which is in the arts and sciences building in Georgetown. There is also a posting of this on the PSC's website.

Tonight we will have a public comment session on the evaluation reports submitted by the Commission Staff's consultant and by Delmarva's consultant.

In order to provide some information to those who have not had an opportunity to read the evaluation report, the Staff and Delmarva will each make a ten-minute presentation concerning its respective report.

Thereafter, the public will be allowed to provide comment. Everyone will have three minutes to speak. If there is time left over, those who wish an

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additional three minutes will be allowed to speak.

We will not allow participants to allot their time to another speaker. The purpose here is to foster an atmosphere where as many people can provide comment as we have time for.

Everyone should understand that tonight's public comment session is regarding the evaluative reports. This meeting is not a referendum, a poll, a vote, or a demonstration. We are trying to preserve an atmosphere where everyone feels welcome to

express their views. And I insist that everyone demonstrate the utmost respect and courtesy for each individual in this room.

In that spirit, I ask that everyone refrain from denigrating and offensive remarks, and that is not to say that criticism of another's position is not allowed. However, I would stress, respect and the positive aspects of one's own position.

We also should remember that written comments on the RFP are due by Friday, March 23rd at four p.m.. So, if there are further comments that you would like to make, that's the deadline for written comments.

Participants will not be allowed to ask the bidders direct questions. Questions will be directed

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either to the Commission Staff's evaluator or to Delmarva's consultant.

Participants are welcome to talk to the bidders off line, outside of this forum.

Tonight, we will end at ten p.m., and now we are ready for the evaluation report.

Can people hear me?

Once again, anyone wishing to speak please sign in.

MR. HOWATT: My name is Bob Howatt, and I'm the case manager for this docket. I'm actually not the independent consultant. And so, you will have to bear with me a little bit. I will try and go through several of the slides that the independent consultant has shared previously with the Commission.

I would like to take this opportunity to thank the bidders. There has been a lot of sincere interest in the proposals, and we believe they are very serious and intent on putting forth their proposals.

I would also like to thank every member of the public for turning out tonight. And please give us our own opinions and your own thoughts on the issues relating to this generation RFP.

I hope you got a copy of the slide

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presentation. If not, there are still some over there. But this is the slide presentation that I will be talking about. It's called Summary of Bid Evaluation Report.

And it's put forth by our independent consultant, New Energy Opportunities.

And I will flip through some of these slides because some of them are probably less important than others. Most of you have probably already read a lot about what the bid proposals are in the newspaper and various forums. So, I think we can dismiss some of the comments that you will see in some of these slides. So, if you haven't got a copy already, please pick one up, or you can get one on the way out.

I'm going to talk first on Slide 3. And at the bottom line on Slide 3 is that when the evaluation reports were done, both Delmarva and the independent consultant agreed with the rank orders.

In fact, the first bid process was Conectiv. Conectiv has a combined cycle gas turbine. It rated 68.9 points. It was their alternate bid, which allowed them to buy and sell energy from the market to replace energy from their unit.

The second, or the runner up, I guess, I must refer to it as, was Bluewater. Bluewater scored

47.7 points or 57 points, depending on which alternative you were looking at.

Last, but certainly not least, was NRG at 24.8 or 23.8, depending on which bid you were looking at.

Delmarva's position, and I don't want to dwell on this because, obviously, Delmarva is here to dwell on their position, all of the bids should be rejected. All of the bids are above market.

The one thing that our independent consultant could agree with is that from their prospective, and from their oversight, all of the bids were above market.

However, I do want to caution. There has been some misrepresentations of where the state agencies and where the Commissioners lay at this point in time with respect to these projects. And the bottom line, there has been no decision. There are no favorites. There's no preconceived thoughts about which one of these projects will be successful and may possibly go forward.

We are reserving further comment for an interim report that is due on April 4th.

The independent consultant will be

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providing an interim report on April 4th that will identify additional other alternative sources of supply within the IRP document. It's kind of a way to give the Commissioners and the state agencies some background and a look at the other possible options that are out there besides these generating RFP's. And that will happen April 4th. It will be posted. And there will be an opportunity for public comment on that, as well.

I will skip over Slides 4, 5 and 6, basically, the project descriptions. If somebody has questions about it, feel free to ask. But right now, I think it is pretty much described in the newspaper. There's the Bluewater project description on 5/4. The Conectiv description of its project on 5/5. And the NRG project description on 5/6.

And by the way, I should make note, there are a lot of different proposals within the three proposals that we have. There are probably a combination of seven or eight different proposals within those three proposals. Different sizes. Different time periods. Different pricing arrangements.

I want to talk for a minute about Slide 7. There has been a lot of discussion about everybodys electric bill. And their electric bill tends to show

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somewhere on the average of 11.1 cents per kilowatt hour for supply.

The first thing I got to tell you is, the numbers that you're going to look at and you are going to see in the evaluative report do not relate to that 11.1 cents. That is a retail rate. And that retail rate includes some supplier premiums. It allowed for a full service requirement. And that is, it's load following bid. And, therefore, there's higher costs to follow the load than to just put forth a flat out generation.

It includes some volumetric risks. Customers still have the choice to go to other companies for their supply. So, there is volumetric risk that is

assumed by the suppliers. There is ancillary services, voltage regulation, black star and all of the other items that fall under ancillary services that are also not included in the evaluation numbers.

There is also a return of retail margin. None of these are included in the prices that you see in the evaluative report. The evaluative report is based on strictly capacity and energy costs. And so, the comparison is made on that basis.

You will see in some of the projects the

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market rate is 8.6 cents. And some of the projects are at nine point something and ten point something cents per kilowatt hour. Actually, there's a slide later that I'll talk about that talks about it in megawatt hours.

And you can see that those prices are lower than the 11.1 cent average. But it is not an apples-to-apples comparison. So, you have to be very careful.

What we're making a comparison on and what both consultants are making a comparison on is the capacity and energy charges associated with these bid packages. And it does not relate to the supply rate that you see on your bill.

Slide 9 talks about the nonprice evaluations. It talks about two supercategories. It talks about the favorable characteristics and it talks about the viability of the project.

For the favorable characteristic, there was a possibility of a max score of 20 points. And as you can see on this chart, the Bluewater project was scored at 18.2.

NRG without the sequestration -- carbon capture sequestration was 11.1. With the carbon capture sequestration, it was 12.7. And Conectiv was valued at

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10.8. These were all favorable characteristics. They included the environmental impact, fuel diversity and technology innovation.

In the viability category, you can see that the most viable project given a max score of 20 points was Conectiv's project at 18.5 points, followed by the NRG, without the sequestration, at 11.8, and then the

NRG with sequestration 10.3 and 9.9 for the Bluewater North/South in terms of viability. Viability was operational date certainty, reliability of the technology, development, bidder experience, finance ability. All of those items that are listed there.

Slide 10 talks a little bit about the economic evaluation. You can see the prices. You can see the prices that are put forth by Delmarva and the ICF consultant. And then you can see the prices that were put forth by the independent consultant. There were slight differences. There were differences in assumptions. And this lead to differences in results. But the results overall are pretty much the same. Some slightly different prices.

The independent consultant's market price was $86.20 per megawatt hour. And as you can see, the Conectiv alternate bid came out at $87.48, which

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means a $1 megawatt more or a tenth of a cent on your bill more than you would be paying currently at market value right now.

If you look at the Bluewater Wind project, it came out at $98 and $99. And the NRG project at $101.84 and $101.37. Split the bid in a couple of places and you got the cents per kilowatt hour approximately. It is not an exact science.

Slide 12 shows you in levelized 2005 dollars what the supply cost would look like to the various projects over the period from 2011 to 2037.

The solid bottom line on that chart is the market value. So, as you can see, the pricing in 2005 megawatt, or 2005 dollars per megawatt hour, for the most part, is either at market or definitely above market for all of the options.

A lot of discussion about price stability and price. There has been discussion about what the weighting should be. All I can tell you is, the weighting is what we agreed to up front. And that is, basically, based on the Commission order and the agreement of the Delaware Energy Office and the Commission. Those are the weightings that we put forth, and those were the weightings that we used in attempting

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to rate these projects.

Price stability. There is also issues around scaling. Linear scale from top to bottom or what is not a linear scale. Obviously, these are issues that are being looked at.

I wanted to point out to you that in price stability there is 20 points and price stability was measured by variation and how much variation each of the projects were expected to bring to price.

If you turn to Page 14 and you look at the economic supercategory, which is the third supercategory, you have the price, which was max score of 33 point and the 33 points went to Conectiv's alternate bid.

You have 8.3 points for the Bluewater. The full year bid for 25 years. And you have 1.9 points for NRG. I'm sorry. I'm skipping lines here. 60 was the max score for the economic supercategory.

Conectiv's bid was 39.6. NRG was 1.9. And Bluewater was 28.9.

You can see from the price and price stability category down there that Conectiv's alternate bid scored maximum at 33.

The Bluewater bid on price stability

scored maximum at 20.

And you can see the other items that were in that ranking. And it would appear at first blush that may not be an equitable distribution of points, but that's an issue to be resolved and looked at.

And if you want to comment on that, feel free to.

Bottom line on Page 15 is the total ranking points that I talked about earlier. 68.9 points for Conectiv. 24.8 points for NRG's 25-year bid. And 57 points for the Bluewater North 25-year bid.

So, as you can see, those were the way they fell out from a point structure.

On Slide 10, some comparison that we did of the comparison in the supercategory.

Conectiv was best evaluated for economics. It has the least risk associated with the project, and it has probably the strongest viability of

conventional technology.

Bluewater environmentally superior provided good price stability, but it is an expensive opportunity. And it is $12 or $13 per megawatt hour more than we currently pay on market rates over the market rates that we would expect to pay on that project.

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Viability was questionable. There was some question about greenhouse gas credits and whether they would be there and whether there would be value associated with it.

NRG was technologically innovative. Certainly has potential contribution for greenhouse gas control. Has high fixed costs. And, obviously, the carbon dioxide issue lead to some different pricing mechanisms. It's a large size. The carbon and the carbon sequestration that you might be looking for and some of the other issues around carbon tended to maximize some price variations.

Slide 17, I just want to confirm, that all of the bids were nonconforming in one respect or another. You can look at this listing.

Conectiv did not want a second lien. They wanted permitting out. One time price adjustment. All of these things were things that were not actually permitted within the RFP. But we have the various bidders come in and say, This is what we want to do with respect to the RFP. They could be negotiable items or could not be negotiable items. It all depends on how we go forward with this project. Right now, they are strictly nonconforming aspects.

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Bluewater, the contract size, the amount of security that Bluewater wanted to put down on the project. Those are nonconforming. NRG's CO2 pass-through and a financing out due to the Financial Accountant Standards determination. All nonconforming issues that need to be resolved, if any of these projects would go forward.

In conclusion, we got a diversity of projects. A lot of the projects bring a lot of benefit to the process. They bring cost to the process, as well. We're still in the process of evaluating any of these

projects and decide whether we're going to go forward.
The ranking, as I previously indicated, was Conectiv number one, Bluewater number two, and NRG number three.
And we will have the April 4th report. Stay tuned. We will have it posted on the website when it is available, and DPA will have an opportunity to public comment on it, as well.
Thank you, Your Honor.
HEARING EXAMINER PRICE: Thank you, Mr. Howatt.
And now from Delmarva.
MR. FINFROCK: Good evening. As

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Mr. Howatt indicated, I will be dwelling on Delmarva's position with respect to RFP, but, hopefully, also informing you as to why Delmarva took the position it did.
I hope everybody has the six-page handout. I will be speaking to some points. And I would like everybody, if they could, to turn to Page 2.
One of the key points on Page 2 is the consistency between the evaluation.
Delmarva Power independently evaluated these bids, as well as the Staff through the independent consultant, the IC. The IC assessed the models. The IC chose different input assumptions with respect to the price evaluation. And they also independently assessed the nonprice factors which represents 40 points out of the 100 points.
With respect to that independence, both parties have evaluation results that are consistent, which meant Conectiv, from a ranking standpoint on point, Conectiv was the highest ranked bid, followed by Bluewater and then NRG.
While Conectiv was the highest ranked bid, it didn't meet the objectives of the legislation in Delmarva's opinion. The legislation indicated that there

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is a desire to have price stability in a cost effective manner. None of these bids performed or met that obligation.
In addition, the legislation required

Delmarva to file an integrated resource plan, which is broader than this request for proposal.

The integrated resource plan allowed Delmarva to look at various options associated with supplying and servicing the SOS for default supply customers.

The RFP was a very focused component of that IRP. And what I mean by that, it narrowly looked at long-term contracts tied to new generation built in the State of Delaware. That was a one resource look. And it did not consider the various opportunities that Delmarva has to serve its customers through other alternatives.

The RFP results produce very high costs supply for customers. Did not achieve any stability. Bluewater had the best stability. But in comparison to cost, there wasn't a substantial level of price stability.

Two of the bids were more for large and have a technological concern to Delmarva and to its customers. The geographical location of the wind project

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and the newness of the technology of the IGCC project are a concern.

Also, we are committing customers to a long-term relationship. Minimum of ten years, maximum 25 years. There are contractual risks associated with that relationship. Potential default. Potential of under performing. All of those were not evaluated in this evaluation, but we have identified it in our evaluation report and we identified those risks throughout this process.

Delmarva's objective and recommendation is not what we heard before, is not a do nothing recommendation. It is not a business as usual recommendation. It is a recommendation to follow through with what we filed in our integrated resource plan, which is a significant investment in transmission upgrades. Energy efficiency programs to include conservation. And by the way, these bids will disincent conservation. And I will get to that.

And continue with the auction process. And by the way, the auction process now has two data points. The auction that occurred early last year and an

auction that occurred this year did result in price stability and prices did not move substantially between

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those two auction processes.

And with respect to the auction process, we have a component of renewables embedded in it.

So, that is Delmarva's recommendation. It is not to continue with the long-term contract. It has substantial risk and substantial costs.

If we turn to Page 3. When I refer to costs, the price impact to customers, absent Conectiv, but with Bluewater and NRG is between two and five billion dollars over the life of the contract.

Conectiv, primarily, to the short term, eight years, 10 years, or 20, 25 years and how it was priced and index was closest to market, but still 100 or 200 million dollars. That's a significant dollar amount.

In addition, the price stability, one of the key objectives of the legislation was not achieved by any of the bids.

For example, in the first column, Bluewater's 25-year bid still required customers to absorb 65 percent, almost 65 percent of the variability of pricing going forward. So, it did not perform and achieve those objectives of legislation.

Another way to look at the relationship between cost and price stability, we have a chart in our

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evaluation. It's on Table 2.2.6, if you want to reference it, that shows the levelized cost per the bid and the amount of stability that was achieved for the bid.

Bluewater had the best stability points. They achieved, while it was not significant, they achieved the greatest level of stability, but it was not significant. They were $13 on levelized basis above market. That means, every year you would be paying $13 per megawatt hour greater than market. That equates to that two billion dollar number.

In addition, they only reduced variability of prices to customers by $2. Just over $2. There's a disconnect between cost and stability there. And we don't think that's appropriate for customers to

bear.

If you would turn to Page 4. Another concern we had with these bids, especially, the two large ones is the size of the load being served by these potential contractual relationships is very small.

If you look at this chart, the top blue line represents the energy usage of customers on the Delmarva Peninsula. Fairly large number. On a peak hour, which is the hottest day of the year, and typically

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a midweek day where industry is ramping up, we are above 4,000 megawatts of delivered load and that ramped out overtime over the course of a year down to a factor of 1,500.

If you look at the bottom line, the bottom line on this chart represents the load being served by these bids.

Relatively speaking, it's a small load. But what is being required of that load is to bear the cost of a very significant investment in either a wind project or a sea project, and even a gas lined cycled project.

There isn't a strong relationship of need by most customers and the costs of those three projects.

The technology risk on Page 5, and some of the other risks on Page 5 that were not included on the evaluation.

These projects, these bids are what we refer to as must take. You must take this energy from these generation facilities, irrespective of the need.

So, when I said that it discourages conservation, one of the drivers of conservation is a monetary gain or monetary value, how can I reduce my

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cost. You have to take this energy, and you have to take this high priced energy irrespective of the usage. So, its the plate and chills the benefits that you may get from conservation. Number one concern.

Number two is, the Bluewater project would construct a significant amount of windmills off the coast of Delaware. Typically, in today's world, the wind projects are somewhat land protected, even though you're

offshore in seas -- predominately in the North Sea -- but you don't have the risk of tropical storms, hurricanes. And we don't know how these assets will perform against those types of environment. Yes. They will produce megawatts when the wind is blowing 10 miles an hour or 20 miles an hour. What's going to happen when the wind blows 80 miles an hour or 100 in hurricane conditions.

With respect to the IGCC, it is a new technology. It's not proven. And a scale of 600 megawatts doesn't exist anywhere. That is a significant concern to tie customers up for a long-term relationship with.

There's also contractual risks with respect to defaults. Through the approval process of the RFP, we were limited to how much collateral we could hold onto with respect to the relationship with the bidders.

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It's a relatively small number, given the risk associated with potential price movement and default by those counterparts.

In addition, when we did the evaluation, we kept load static, which means, we projected what load would be, but we didn't vary that load. We know load varies. And when load varies, that creates more variability to the bids and likely more potential sales into the market. That's not in the evaluation either.

On Page 6, some conclusions. The Delmarva recommendation is to follow the content of the IRP. It's not a do nothing status. It's not a business as usual strategy. It's to invest in transmission. It's to continue with the wholesale bidding process. It's to focus on energy efficiency programs and conservation. But it is not for entering into a long-term relationship to a generation -- newly built generation facility in Delaware that is at high cost that doesn't produce stability, that has technological concerns, that doesn't follow load, that has other contractual relationships, like default. That discourages conservation. That is not an acceptable solution. And that is why Delmarva chose to recommend that we don't go forward with these bids. Thank you.

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HEARING EXAMINER PRICE: Before we go

further, I would like to acknowledge Commissioner Jay Lester who has come in from the Public Service Commission.

Now, for those of you who are standing on the sides, we are not in church tonight and we are not going to pass the plate, so please feel free to take a seat.

Before we go on with the public comment session, some ground rules. I would like for everyone to come to the microphone, spell your name, because we have a court reporter, and if applicable state what organization you're from.

Since we do have a court reporter, please keep your voice up. Our acoustics are not that good. Everyone would like to hear you, I'm sure. So, please keep your voice up. Refrain from nonverbal phrases. Refrain from uh-huh and other grunts and groans. Hand gestures cannot be transcribed. Also, try to speak slowly and clearly for our court reporter.

And once again, I ask that everyone be respectful and courteous.

Please observe the three-minute time limit. There are a lot of people who want to speak

tonight. And I'm going to be fairly vigorous with asking people to move along.

Lastly, I apologize in advance for massacring anybody's name simply because some handwriting is more legible than others. So, please don't be offended. I will do my best.

And with that, let us start.

Maryanne McGonegal. We will have John Flaherty right after. I say that because it helps people move along.

MARYANNE McGONEGAL: I'm Maryanne McGonegal. I'm Secretary of Common Cause of Delaware.

And I want to thank the hearing officer who is quite a nice change from the usual hearing officers that we sometimes run into at public hearings. I appreciate the little bit of humor and the way that sort of takes off the tension.

And also, Ms. Conaway and Mr. Lester, and the rest of the honored guest.

I am here because I don't want to burst the publics bubble, but recently, I attempted to become an intervenor on this docket. And I realize this is sort of a preliminary part. But I testified in front of the PSC on a hearing in the Sunset Committee recently where

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they touted how wonderfully open they are to the public, and they have public comment, they just went on and on and on like you wouldn't believe.

I think it is important that you folks know what the PSC is like. This is a real nice change. But if you do attempt to become an intervenor, this whole exercise to me seems to be an exercise of futility.

I understand that all of the comments are going to be recorded, but this is only the first part of the process where the two executive branches, the legislative branch and the PSC, apparently, make a recommendation.

But if you attempt to become an intervenor, as I did, on behalf of the public, the PSC hearing examiner in that case has already ruled, we can't have three people representing the public.

Now, the PSC examiner, not this nice woman here, but Mr. O'Brien doesn't know what members of the public think. But he has already decided that we have to speak as one voice. That means, you can only hear from one member of the public. Can you imagine in this docket? Look at all of these people here. We have over 100 people here tonight.

But when it comes time for the actual --

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where the rubber meets the road -- only one person can be heard.

Now there is a Dr. Jeremy Firestone, Alan Muller and myself. Well, Mr. O'Brien ruled that we had to meet or talk or whatever, get together, and decide which one of us was going to speak on behalf of the public.

Well, its apparent tonight that Mr. Muller did not want me representing him. And Dr. Firestone -- well, he doesn't speak to me. Dr. Firestone had decided -- Well, who are we to join in with him. I don't know Dr. Firestone. He raised some excellent

points. And he filed an appeal, as has Mr. Muller.
But the point I'm getting to is, the public is not going to be heard. Lord knows people are trying to be chosen. And it is not going to be me because I didn't file an appeal.
So, the Public Service Commission is not going to be able to hear from me, Maryanne McGonegal.
But the issue is, it calls into question this whole process, Folks.
HEARING EXAMINER PRICE: Ms. McGonegal.
MARYANNE McGONEGAL: Oh, it's my three minutes. I'm sorry. I really wanted to let you know

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about this. I guess I will have to get on the radio and talk about it.
When it comes time to decide which proposal, I went to an interesting hearing on energy sustainability that Senator McDowell put on, the Energy Task Force. That's the best idea. Throw these other things away. Choose energy efficiency. And I think we might make some process here in Delaware.
Thank you, folks. Love all you, too.
HEARING EXAMINER PRICE: John Flaherty.
JOHN FLAHERTY: Thank you, Madam Chair. My name is John Flaherty, F-L-A-H-E-R-T-Y. I'm here speaking as an individual. I'm here speaking tonight on behalf of the "WIT" (phonetic) proposal. And as a former union member, I would like to go on record that the WIT project will be built with union labor.
HEARING EXAMINER PRICE: Mr. Flaherty, step back from the mic.
JOHN FLAHERTY: Back in 2004, the largest air polluter in this state was the NRG facility in Millsboro. But the threat to the public is not just from air pollution. The risk of cancer, of getting cancer from coal ash lagoons is 10,000 times greater than government safety standards allowed, according to a draft

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report from the Environmental Protection Agency obtained by the environmental group.
Although the EPA acknowledges this risk, it has neglected to adopt regulations that will limit exposure and protect against the health threats of

America's second-largest industrial solid waste stream, coal ash.

While the EPA has not yet formally released the revised assessment, environmental groups received a summary of the draft, which indicates that the cancer risk for adults and children drinking groundwater contaminated with arsenic from coal combustion waste dumps can be as high as 1 in 100 -- 10,000 times higher than EPA's regulatory goals for reducing cancer risks.

EPA's failure to limit pollution from coal combustion waste from coal ash, has poisoned surface and groundwater supplies in at least 23 states, by EPA's own admission.

Coal combustion waste is the solid waste produced by the coal-fired power plants, which produces approximately 129 million tons of waste each year.

This waste is contaminated with toxic chemicals, such as mercury, arsenic, lead, cadmium, chromium and selenium. There are currently about 600

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existing coal ash landfills and surface impoundments in America.

There are currently plans to build over 150 coal-fired power plants in America by 2030. Pollution from coal ash impoundments will undoubtedly worsen, unless EPA takes the necessary steps to protect neighborhoods and communities from this dangerous pollution source.

EPA acknowledges that coal ash landfills and surface impoundments have contaminated water supply, water above federal drinking water standards in the following states; Texas, Maryland, New York, Virginia, Wisconsin, Indiana and North Carolina and South Carolina.

The EPA also acknowledges that more cases of drinking water damage occur.

HEARING EXAMINER PRICE: Mr. Flaherty.

JOHN FLAHERTY: Okay. And lastly, many coal ash disposal sites lack the most basic safeguards such as liners, covers and groundwater monitoring standards that are routinely required for household trash at sanitary landfills. In fact, in many cases, the operators are simply dumping the waste straight into groundwater and face no cleanup requirements by states.

I don't know what's happening down in
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Millsboro, but I think we have a lot of concern. I support the wind plant. Thank you.

HEARING EXAMINER PRICE: John Kowalko.

JOHN KOWALKO: My name is John K-O-W-A-L-K-O. I'm here today to speak as a representative of the consumers of Delaware and to try to put a little interpretation that seems to have been made of House Bill 6 and its mandates for this docket at these hearings.

I sat through a few of these hearings, and I have some lingering doubts as to the authenticity of these hearings that apply to the mandates of House Bill 6.

And I will refer to House Bill 6. Line 135, Section D, As part of the initial IRP process to immediately attempt to stabilize the long-term outlook for standard offer supply to DP&L service territory.

And then, Line 141, Such RFP shall also set forth proposed selection criteria and based on cost effectiveness of the project.

Then it reiterates, cost effectiveness of the project as producing energy price stability, reductions in environmental impact, benefits of adopting new and emergent technology, and terms and conditions
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concerning the sale of energy output from such facilities.

I take that to mean that we are not proposing to build new generating capacity so that those companies can sell to the PJM market at inflated prices and make a profit borne on the backs of the Delaware citizens.

Also, I would like to see that this docket consider the demand side management program, such as those being discussed by the Sustainable Energy Utility Task Force, and that they be included in this docket. In addition, any new generating capacities would ensure adequate supply and stabilization of costs for the Delaware consumers.

And earlier, there was reference to the formulated point system of determining what is most

efficient and what is most beneficial to the residents of Delaware. And I think it is only logical that an assessment of this proceeding leads to one conclusion, the one proposal that is offered as guaranteed, price stability, since it is not, will never be, a diversity of commodity market fluctuations of required fuels to generate electricity since it requires no fuel.

It will not expose consumers to the

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costs of the environmental impacts. And the economic consequences of carbon dioxide emission which could be in our future. And it will not grow to rapidly burdening economic costs to our health care system, due to the consequences of continuing harmful emissions.

In summary, it seems that House Bill 6, as faulty as it may be, would determine that the PSC portion be set to integrated stable energy type conservation into a cost stable environmentally healthy alternative, such as the Bluewater project presents.

And I'm not lobbying for any of these. I think the Commission has to consider all of these fairly and equitably.

HEARING EXAMINER PRICE: Thank you, Representative. There will be public hearings in the IRP process, as well.

Patricia Gearity.

PATRICIA GEARITY: Good evening. My name is Patricia Gearity. G-E-A-R-I-T-Y.

Six-months ago, I saw an inconvenient truth. And then, I went to the website for pollution, Score Card Dot Com is one of them. Instead of enjoying my retirement from the practice of law, I am now here before you asking that you think very seriously about

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what is about to happen in Delaware with this decision.

Yesterday's New Journal headline says, Delaware plants make stride in cutting pollution. The article refers to 18 percent reduction in pollutants over the last eight years in the state.

According to that article, NRG's Indian River Plant, the Conectiv Hay Road operation and Valero's refinery together produce 73 percent of the toxic chemicals released into the air at this time. Despite

those reductions reported, 6.13 million tons of toxic pollution each year.

In addition, Delaware is graded F for ozone by the American Lung Association. Ozone results from carbon base pollution. As most people here know, ozone is very damaging to lungs, lung elasticity and the body's ability to fight off infection.

I bring these things before you because I think we need to understand, if we are going to survive, if we are going to deal with global pollution, we have to take every opportunity now to minimize greenhouse gases.

Our country alone contributes nearly a third to global warming, which is more than India and more than China.

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The old saying has been, If we protect the environment, we're going to harm our economy. But when you read about Bethany Beach requesting more and more of our dollars every year to repair their coastal beach construction, when you hear that Delaware has some of the highest rates of cancer, cardiovascular disease and asthma in the nation, when insurance companies won't even insure companies along the coast in Southern Delaware anymore, then you see some of the economic cost that we are paying here in this state because of pollution.

When the Germans threatened Europe, Winston Churchhill warned, the era of procrastination of half measures of soothing bath and expedience is coming to a close. We are about to enter a period of consequences.

You know, this movie is really an excellent documentary here. And what they have determined in this movie is that scientist can now determine global temperatures from the last 150,000 years by identifying carbon dioxides molecules, which are frozen in glacier ice. They had five temperatures. And they have found the 10 hottest years in the last 650,000 years, the last hottest 10 years have just occurred from

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1995 to last year.

We are now in the period of

consequences. Please remember conservation is not going to solve this problem. Build the wind project. See the competitive advantage, as well, for new business in our state. Don't give that advantage away to New Jersey, Pennsylvania, Rhode Island, South Carolina, Texas, Massachusetts. They're all wind projects right now. Where are we?

It would be deeply unethical not to do everything possible to curtail greenhouse gas emissions.

And I'm thinking particularly about that little baby, the son of the NRG employee, and they talked about that today. My hope that child will live to see his daddy grow to an old age and not to see his daddy have a job.

The last thing I want to say is that we are here tonight to tell the Commission and deciders this. People of Delaware are overwhelming in favor of wind power. We are willing to pay the extra money because you're talking about saving our future.

There is no reason to delay. You have the authority and you have the obligation to act now. Please do something great and exciting for Delaware and

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for the nation.

Thank you.

HEARING EXAMINER PRICE: Is Brian Kramer here.

LISA PERTZOFF: Good evening. I don't trust this thing? Can you hear me? My apologies.

I took the liberty of signing up Brian Kramer in his absence thinking he would show up. But I am Lisa Pertzoff, P-E-R-T-Z-O-F-F. I am here tonight representing the League of Woman Voters of Delaware. And we have a short statement that we would like to read into the record, please.

The choices of what types of technology and approaches are to be used to meet the electrical energy demands of Delaware's growing population are important to its citizens, not only because of the very large recent increases in energy costs and what future costs will be, but because of the impasse these choices made now will have on our health and welfare for a very long time to come.

Thus, it is important that the selection processes be as transparent as possible.

Unfortunately, an inherently complex issue has been made all the more difficult by the

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unnecessary redaction of key environmental and cost data by bidders and the use of proprietary computer models and technical jargon by the evaluators.

The bid evaluations by the independent consultants and Delmarva fall disappointingly short of the clarity required for citizens to understand and consider for themselves the bids and their evaluation. Thus, potentially undermining public confidence in the results.

The League of Woman Voters of Delaware takes the position that global climate change is real. That it is caused, primarily, by human generated greenhouse gases of which carbon dioxide is the most important and it imposes an increasing threat to both society and wildlife.

Accordingly, the League opposes any new electrical power generation for Delaware, whether those plants are located in state or elsewhere, increase greenhouse gas emissions or other pollutants.

The League favors conservation, increased energy efficiency, price stabilization and a transition as soon as possible to renewable energy sources. Thank you.

HEARING EXAMINER PRICE: Doug Druliner.

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DOUG DRULINER: Members of the Public Service Commission. My name is Doug Druliner, D-R-U-L-I-N-E-R. I'm a scientist and member of the Coalition for Climate Change Study and Action a group that is very concerned about impacts of continuing greenhouse gas emissions have on the earth's climate, human society and wildlife.

Further, we are very concerned about the bidding process and feel that the current bidding process is flawed.

First, the many comments made by citizens, environmental groups at previous hearings and in hundreds of letters to the governor and state

agencies, urging that much more weight be given to reducing emissions of greenhouse gases and other pollutants and then largely ignored have very little effect on the rating system used to evaluate the bids.

Second, having one independent consultant representing all four agencies, rather than getting independent evaluations from each, especially, from DNREC, adds to environmental concerns.

And third, the factors of price and price stability assumes future cost of fossil fuels and future penalties for releasing CO2 into the atmosphere

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dominates the outcome of the bidding process or comparison.

The cost of electricity estimated by Delmarva, levelized over a 31-year period from 2007 to 2038 was $85.43 per megawatt hour while the cost is probably unpredictable for 2038 within a factor of three.

Between 1976 and 2005, U.S. natural gas cost increased by a factor of 15, then doubled again from August 2005 to May 2006 as a result of Hurricanes Katrina and Rita. A major reason why customers electricity rates went up nearly 60 percent on May 1st of last year.

Yet, Delmarva would still have us believe that the average price of natural gas will be, basically, the same 31 years from now as it is today. While the price of carbon emissions in the future is very uncertain, it is also likely to go up substantially.

HEARING EXAMINER PRICE: Can you wrap it up?

DOUG DRULINER: Yes. And finally, Delaware is blessed with an abundant renewable energy resource in the form of offshore wind to supply all of our needs for electricity. The technology is proven, growing at 30 percent a year, and Denmark gets 20 percent of power from wind.

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In light of the possible closing of the Chrysler plant, Delaware could be the first state to install significant offshore wind power and start a major wind turbine and manufacturing industry.

And finally, a recent University of Delaware study shows that offshore wind could supply most

of the energy needed by all of the coastal states from Massachusetts to North Carolina.

We have a bid to begin. All that is lacking is leaders with the vision and courage.

Thank you.

HEARING EXAMINER PRICE: Thank you.

By the way, anyone who has prepared remarks and would like to submit them, you are welcome to do so.

DOUG DRULINER: I will submit them with proper references in a few days.

HEARING EXAMINER PRICE: Thank you. Robert Carl. After Mr. Carl, we will have Jim Black, and after Mr. Black, we will have Ellen Lebowitz.

ROBERT CARL: Good evening, ladies and gentlemen. My name is Robert Carl, C-A-R-L. I'm the business manager for Local 42.

It seems to me that the fox is already

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in the hen house. The Commission was asked to look for new sources of energy to provide people of Delaware for their energy needs.

When a company, who is a major player in the energy market, the one chosen to put the bid for energy and is in charge of hiring a so-called mutual party, it looks very suspicious to me.

I would like to comment on some of these proposals.

Delmarva, no surprise, came out on top of the award system of which they may have helped set up.

Delmarva has nothing to lose and everything to gain by this process.

The Commission making a do nothing decision allows Delmarva to continue their reign over the energy's business. They will continue to buy and sell energy at the cost of the consumer.

By Delmarva proposing a project of a minimum cost of insufficient megawatt requirements and to have Delmarva come out on the bidder list seems suspicious also. Because the winning proposed bid at a minimum cost will continue to allow Delmarva to dominate energy.

Bluewater Wind's proposal seems to fall

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short of expectations required by the bid. Especially, at our peak hours of consumption. Many members of our local, citizens of Delaware, and myself are avid fisherman. The speculation is that these wind farms will provide habitat for fish and in so providing anglers with improved fishing grounds.

What we were not told is how the new legislation of Homeland Security Act will effect this new source of energy. It involves many other players, including OSHA, the Coast Guard, and other government entities which may possibly prevent anyone from being near these energy sources. This may possibly close the vast part of Delaware's fishing grounds causing hardship for commercial fisherman, as well as anglers.

NRG's gasification project is the only project that provides adequate energy for the exploding population of the state. NRG's proposal not only provides modern technology to reduce emissions, but it will also reduce and remove emissions from existing units. These gasification projects planned for Delaware and many other states, will provide independence from oil addiction. It will have a ripple effect to the economy by providing jobs to many parts of the business sectors.

NRG's proposal of clean coal

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gasification American fuel may effect and revitalize Delaware's economy.

Clean fuel is important to our membership as is a healthy environment. Our membership knows first hand of health issues, such as asbestos-related diseases and the lies that were told to us.

NRG's commitment to clean fuel seems to be on the right path for cleaning our existing facilities and will pave the way for technology to enhance our environment.

We, as a local, are looking forward to working on projects that clean our environment and provide good, paying jobs.

HEARING EXAMINER PRICE: Mr. Black.

JAMES BLACK: James Black, B-L-A-C-K. I am the Director of Community Outreach for the Clean Air

Council of Delaware.

The purpose of my testimony today is to respond to a few points that were made in testimony at Tuesday's hearing in Dover.

At the Dover hearing, one of the commentators testified that there are no existing coastal wind farms in the United States.

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There is, in fact, a coastal wind farm facility about an hour from here in Atlantic City, New Jersey. The ACUA wind farm has been in operation 14 months and has exceeded all expectations.

I am submitting the facility's performance reports for the record.

Another commentator expressed concern over bird kills. Bird kills do happen, but there are much greater bird kills that we don't notice from habitat destruction due to climate change and acid rain which is produced by the burning of fossil fuels.

ACUA is working closely with New Jersey Audubon on a three-year study on the effect of wind farm on bird population. With one ornithologist reporting the first bird kill from the ACUA wind farm on October 25, 2006. That's it. One confirmed bird kill in 14 months of wind generation.

At the Dover hearing, there was much talk about the intermittent nature of wind. In fact, well sited wind farms have proved very reliable. At the ACUA facility in 14 months, there has only been one day with no production and that was due to excessive wind.

ACUA's facility is onshore. The proposed Delaware wind facility is offshore where the

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winds are stronger and more consistent.

One commentator expressed concern about the offshore wind facility's impact on fishing. I find this concern particularly hard to fathom since any time you add structure to the marine environment, you create habitat for the creatures at the bottom of the food chain in which the game fish need.

If anything, the fishing should improve, not diminish. If the offshore wind facility is sited.

Finally, wind farms provide more jobs

per kilowatt hour than any other source of energy. The fact that NRG is claiming that their IGCC plant will provide 100 jobs, as opposed to Bluewater's 80 is a minimal difference. And I question whether that number of jobs will ever materialize.

The council believes that the do nothing option is not an option. To accept this is to accept the status quo. The status quo does not meet the obligations for energy security or price stability as demanded in House Bill 6.

The Clean Air Council's members strongly urge the PSC to approve the permit of Bluewater Wind to build the first offshore wind farm in North America. Our members are proud and excited about the prospect of

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Delaware being the first state in clean home grown wind energy. Thank you.

HEARING EXAMINER PRICE: After Ms. Lebowitz, we will have Scott Muir and then Paul Hughes.

ELLEN LEBOWITZ: My name is Ellen Lebowitz, L-E-B-O-W-I-T-Z.

So much to say with so little time.

Wind is non-polluting. Regarding the cost, one must ask how much pollution costs the State of Delaware in terms of health care cost, clean-up cost, regulatory cost and so forth.

Greenhouse gases are not produced by wind power; not so with NRG's coal power. There's no practical way at this time to sequester CO2. But for argument sake, if it were possible now to do so, by Morton Sissener's own account, 35 to 40 percent of the carbon emissions would still escape into the atmosphere.

If it were possible to sequester the C02, NRG states it would only do so if required by law, and if the costs were borne by the ratepayer that would be billions of dollars.

Now, imagine the cost to Delaware of Global Climate Change. There's an overabundance of best

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available science that stresses the urgent need for us to stop greenhouse gases, and this is an opportunity to do so. Wind power, along with efficiency conservation, and

conservation methods is the way to go, and Congressman Castle agrees with me.

Considering the United States contributes 25 percent of the world's greenhouse gas emissions, we can no longer implement a policy to address the effect of carbon dioxide in the atmosphere.

There are other environmental impacts. Coal extraction is devastating on mountaintops, leaving vast amounts of our landscape ruined. Wastes are dumped into valleys and streams. Underground mining is a deadly occupation. Coal dust transports health problems, et cetera.

Conectiv's natural gas bid is also very problematic when compared with wind energy. It's a fossil fuel. CO2 emissions, which, again, the costs will be borne by the ratepayers. And I have more on that, but I think I will go to the end.

Wind is here. It's free from nature. We can harness it now. We need to increase our energy efficiency and simultaneously make the transition from fossil fuels to clean renewables.

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The possibility of accepting no bid after this whole process has been completed is extremely misguided. This is not the time for action. We must acknowledge that wind power has hands down shown itself the way to diversify our energy portfolio. In fact, the selection of Bluewater Wind will be a boom to Delaware in terms of economy, its environmental health and stature in the world of progressive energy, research, development and politics.

We need to recognize by choosing wind, we are choosing a sane and economically viable energy choice. We must not squander this opportunity. This is no less than about how we envision our great, great grandchildrens' future.

And so, we ask that all who have influence in this decision be courageous and do what is clearly the right thing, that is the selection of Bluewater Wind. Now is our opportunity. It's the right thing to do. Smart thing to do. It is the economical thing to do and its the moral thing to do.

HEARING EXAMINER PRICE: Scott Muir.

SCOTT MUIR: Good evening, Your Honor. Thanks for the opportunity to speak in favor of NRG.

My name is Scott Muir, M-U-I-R. I'm a

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government relations representative to Delaware from Norfolk Southern Corporation. And I'm an employee of Norfolk Southern.

I hopped off the train. My office is in D.C.. I hopped on Train 178 to come here tonight.

On behalf of our railroad, Norfolk Southern operates the rail lines that used to be called Conrail, which before were the Pennsylvania Rail Lines. Pennsylvania Railroad Rail Lines.

As part of our system, we operate in 22 states and part of Canada, and Delaware is an integral part of our system, but it is a terminus to our system. It's not on the way to anywhere. I don't mean that in a bad way. I love Delaware.

But in its configuration it's unique because we come to Delaware. Hop off of the Northeast Corridor. We bring freight in and take freight out. So, in the unique sense, it is a terminus. Every customer within the Delmarva Peninsula is critical to us.

Now, railroads have a long history of close relationships, and coal fired power plants are very good customers to railroads.

So, the point I want to share tonight is, as we take a look at railroads, our systems are very

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heavily capital intensive. You may not see as many trains go by as 18 wheelers. But we work very hard to develop our customer base and work hard to do things. Trains move freight economically with low pollution compared to highway trucks.

But because our customer base is limited, the loss of a customer, or the reduction in our ability to bring coal to the NRG plant would be significant to our system.

And I want to speak to the RFP, and just say that we hope we know there are some questions and some debate about the calculations and the weighting in the proposals. And we hope that the calculations can be sharpened, if you will, a bit to take a look at the price

stability we believe coal affords.

We've watched as railroads watch coal and watch power generation. Well, relative to natural gas, coal is far more stable, in our opinion. We've seen some very strong spikes in natural gas and availability. And there hasn't been much natural gas exploration.

So, we are hopeful that you sharpen the pencils and take a look at the NRG project. We are very excited about cleaner coal technology. We would love to have the NRG project as something we can showcase as a

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partnership between a railroad and the Delmarva Peninsula.

Thank you for your time.

HEARING EXAMINER PRICE: Mr. Hughes. And after Mr. Hughes, we will have Tom Noyes.

MR. HUGHES: I got a call late today to come down here to a little meeting and say some things about wind power. I don't want to repeat all of the things that everyone said. So, I am going to try to capsulize a little bit and save everybody some time.

It looks like there is an opportunity here. What I do, I have a Master's degree from the University of Delaware, Urban Affairs, Public Policy and Environmental Policy, and take a look at the world's big picture and the changing picture. And I have the environmental communication foundation.

I guess the opportunity here is one to notice that this is a changing economy. It is going to be changing away from coal, oil and gas. Everybody knows when the oil is projected to rise -- 2038. That's it. Present consumption. Propane is subject to that, and so are the other natural resources that we are using to give us energy.

So, I looked at this in terms of jobs,

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money, costs, carbon costs, which I think have been way undervalued. Everybody has worked hard here. It's hard to project the cost of the carbon emissions. Scrubbers for the plants are in the 800 million dollar range. That's to filter it. No one has mentioned that. I am trying to mention stuff I have not heard without repeating.

If we want to reduce the emissions in the future, it will cost more than 800 million dollars a stack. The big picture is that the clean air laws that are enacted right now are going to make a lot of what you are planning to build now. It will be impossible to do it without going to wind.

So, what I see is an opportunity for everyone to start shifting. I know this is a tough transition and for people that are working in the other industries. But eventually, the laws that are being passed in Maryland, Delaware, and Texas are going to mandate a certain amount of sustainable energy be added. Sustainable energy is only going to be maxed out at 40 percent.

Regarding some of the comments about whether this works or not, and I will use that in general. Just look to Europe. They are on a tear, an

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absolute tear for wind. It works fine. They are going to be 50 percent sustainable probably by 2050. So, I back the wind project. It has a lot of opportunities.

And I would like to mention finally what scares me the most or concerns me the most is that we can use the present propane and oil to build out this new industry, but we only got that for a short period of time. If we miss this opportunity now, it is going to be very expensive and very difficult to make the jump to sustainable supporting industries.

I hope I capsulized okay.

HEARING EXAMINER PRICE: Thank you very much. Mr. Noyes.

TOM NOYES: Good evening. My name is Tom Noyes, N-O-Y-E-S. I'm speaking here tonight as a private citizen.

My views are informed by experience in government with negotiating environmentally complex, capital intensive, long-term contracts, and also by the tools I gained while earning my MBA in finance.

The conventional wisdom is that the public's environmental interest is in conflict with the public's economic interest. But my review of the record leads me to conclude the conventional wisdom is being

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turned on its head in this case. Burning more fossil fuels does not make economic or environmental sense for Delaware.

Simply put, 19th Century technology is not suited to meet the environmental and economic needs of the 21st Century.

This shift in the conventional wisdom is evidenced by the recent 45 billion dollar private equity deal, which effects you, which includes abandoning plants to build eight coal power generating plants in Texas.

Further evidence is provided by the rise in course of business leaders, such as GE's CEO, Jeff "Minoff," (phonetic) speaking out in support of a national policy to control carbon emissions.

Now, the redactions of the proposal to make it difficult for even the most informed citizen to evaluate the options. We don't have all of the data. But the Commission's consultants do. And their evaluation of economics of the proposals includes these revealing scores for price stability.

Bluewater Wind, 20. NRG, zero. Conectiv, 0.7. The result seems inescapable. The NRG and Conectiv proposals offer no meaningful price stability to ratepayers.

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In particular, NRG and Conectiv seek to place the entire economic burden of compliance with future controls on carbon emissions squarely on the shoulders of consumers.

Conectiv seeking recovery of possible future carbon taxes.

NRG has proposed an exception from provisions that it absorb additional environmental compliance costs. And its proposed pricing for sequestration is, essentially, a cost pass-through proposal that is inconsistent with the RFP requirements.

In other words, Conectiv and NRG want to pass on potentially large and uncertain costs of future control of carbon emissions to ratepayers.

Two fundamental realities are driving these costs uncertainties.

First, we don't know what forms these controls can take.

Second, the technology of carbon sequestration is in its infancy. A forth-coming MIT study due this month estimates that carbon sequestration is likely to increase the cost of electricity and reduce effective power generation by 10 to 30 percent.

Given these uncertainties, we are left

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with the surprising conclusion that wind power is the one option that offers proven technology at a relatively predictable cost. That's why price stability is such a crucial consideration in which we see the public's environmental and economic interest aligned.

The lack of meaningful price protection --

HEARING EXAMINER PRICE: I'm going to have to ask you to conclude.

TOM NOYES: The lack of price protection leads me to concludes that building the fossil fuel plant in the State of Delaware is not in the public interest.

If the PSC and other agencies involved determine that Bluewater Wind's proposal was not sufficiently met in terms of the RFP, then my advice is to, first, do no harm by opting for fossil fuel.

These facilities have a useful life well beyond the 25 years specified in the RFP. If our government makes the wrong decision, we will be living with economic and environmental consequences long after most of us retire to the old ratepayers home.

The conventional wisdom no longer holds. Economic and environmental considerations are not in conflict, but are aligned. Time for fossil fuel power

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generation in Delaware has passed.

Thank you.

HEARING EXAMINER PRICE: Gail Charnley. After that, Meredith Blaydes.

GAIL CHARNLEY: Good evening. My name is Gail Charnley, G-A-I-L C-H-A-R-N-L-E-Y.

I am here tonight on behalf of Americans for Balanced Energy Choices, a nonprofit organization whose members support clean, modern coal technology as an important part of moving toward our country's energy independence.

I'm basing my testimony tonight on Ph.D. in toxicology and my 30 years of experience studying relationships between environmental exposures and human health.

I'm not here to support any particular choice in terms of where you get your electricity, but I think as you consider the three alternatives before you, it's important to be able to include accurate scientific information -- not Internet rumors -- in your analysis.

There are three rumors, in particular, that really bother me as a scientist that I would like to address this evening.

First rumor. Mercury from U.S. power

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plants is poisoning our children.

The form of mercury of health concern is methylmercury, not the mercury that comes out of power plants. To pose a threat to children, mercury from any source has to get into water bodies, be converted into methylmercury by microorganisms, and be taken up by fish. Then someone has to catch and eat enough of those particular fish to accumulate high levels of methylmercury.

Most of the methylmercury we're exposed to in the U.S. comes from canned tuna and from imported supermarket fish. There is no evidence that people who live near power plants are exposed to more methylmercury than people who don't.

The Centers for Disease Control has tested the blood of woman throughout the United States and found that their mercury levels are much lower than any levels potentially associated with effects in children.

Second rumor. Mercury causes autism and the prevalence of autism is increasing. There is no scientific basis for concluding that mercury causes autism. The U.S. National Academy of Sciences and many other independent scientific panels have repeatedly found

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no relationship between autism and mercury.

Government and university scientists who study autism in the United States have concluded that it is not possible to identify an increase in autism

prevalence over time because we do not have data from different years that can be compared.

There are no scientific reports of autism with power plants. In fact, recent scientific studies have established the definitive genetic, heritable nature of autism, which suggests little relationship to environmental exposures at all, much less to mercury or power plants.

Third rumor. Power plants cause cancer. Despite all of the information floating around the Internet, there is no credible scientific evidence that emissions coal-based power plants in the U.S. are related to cancer.

EPA has estimated that cancer due to pollutants from power plants that burn coal is so small it can't be detected.

In any case, modern IGCC technology would reduce emissions of all sorts dramatically compared to the old power plants.

In my written testimony, I will include

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citations from scientific literature supporting all of the statements I have made.

Thank you for your attention and best of luck in your difficult search for the best source of electricity in Delaware.

HEARING EXAMINER PRICE: Ms. Blaydes.

MEREDITH BLAYDES: Thank you for the opportunity to comment.

My name is Meredith Blaydes, B-L-A-Y-D-E-S. I'm a Ph.D. at the University of Delaware where I work with the offshore wind power researchers.

I would like to talk briefly about Delaware's offshore wind power resource and also to report on some research I conducted this past fall semester on integration of wind power into electrical grid systems.

First, Delaware has a vast, and as of yet, untapped offshore wind power resource. Delaware has comparatively poor wind resources on land. But it is important to remember that the wind speed fluctuation found on land are more much pronounce at sea, where winds are stronger and steadier.

In turn, the energy shortfalls and overages that accompany the fluctuations will be less

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pronounce and thus more manageable.

Second, regarding the wind integration research I am going to talk about, a fellow student and I interviewed grid managers from six grid management organizations throughout the country, including the California ISO, integrated system operator and ERCOT, the Electric Reliability Council of Texas.

The California ISO and ERCOT together integrate by far the greatest amount of wind energy and electrical systems across the whole country. So, they are the leaders.

California ISO, for example, manages, approximately, 2,800 megawatts of installed capacity. ERCOT 2,600 megawatt of installed capacity.

Our purpose was, first, to ascertain the primary wind integrational challenges to the process by grid management organizations. And second, learn about the different strategies they employed to overcome those strategies.

What we found is a number of grid management organizations employing a number of strategies, including wind forecasting. Expanding transmissions to the next grid or balancing authority to each other. Say you have excess wind power produced, you

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can export it to other areas. Areas that need it to meet their load.

There are also employing active voltage control. A host of other different strategies to overcome whatever challenges they face with integrated wind power in their system.

HEARING EXAMINER PRICE: Ms. Bladyes, I'm going to have to ask you to conclude.

MEREDITH BLADYES: Interestingly, all of them expect continued expansion of wind power. And right now, the limit is 20 percent of wind integration expressed in the literature. None of them express any concern by going beyond that.

In short, we have a lot of experience. We don't have to reinvent the wheel. Delaware can do it.

PJM can do it. It's already established. Also, with that, the grave implications they make from climate changes, it would really be sad to miss an opportunity to not pursue ultra wind power in Delaware.

Thank you.

HEARING EXAMINER PRICE: Do you have prepared remarks you would like to submit?

MEREDITH BLAYDES: No.

HEARING EXAMINER PRICE: By March 23rd

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for prepared remarks.

Ian Duncan. After Mr. Duncan, Harry Gravell.

IAN DUNCAN: My name is Ian Duncan. I'm the associate director for environmental and earth systems. We do economic geology, which is the second largest research institute at the University of Texas at Austin.

I represent the Gulf Coast Carbon Center, which is trying to develop technologies to ensure safe and effective carbon sequestration.

I have a Ph.D. in geology. A decade of research in carbon sequestration. And I lead a research group of ten, scientist and engineers focused on CO2.

We work quite closely with environmental organizations, including the environmental defense, the Natural Resources Defense Council and the World Resources Institute.

Over the past two years, Europe's economic geologist lead two major research projects in carbon sequestration near Houston called the Frio project.

We injected CO2 a mile beneath the surface into saline brines similar to those proposed by

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NRG. This was an eight million dollar funded DOE project.

Now, the Frio project was monitored by over 20 research groups from national labs in the U.S. and research groups in Canada and Australia. Our work was also reviewed by environmental groups, including the Sierra Club that came on sight to examine what was going on.

A couple of questions have arisen in these hearings. One is CO2 sequestration. Feasible. Two, is it safe? And three, will it harm the environment?

I would like to say that our work has demonstrated a CO2 sequestration in deep subsurface brines is feasible and effective using established technology.

CO2 injection can be done with a high degree of safety. In fact, in Texas, we have a track record of injecting large amounts of CO2 as part of enhanced oil recovery activities for the last 35 years. Approximately, 30 million tons a year are currently being injected in this way.

The CO2 injection has a better safety record of natural gas pipeline transport, for example.

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Thirdly, deep injection of CO2 should have no negative impacts on our environment if it done according to best practices.

These results are consistent with several, large scale long-term industrial sequestration projects occurring around the world, including the Weyburn project in Canada, the Sleipner project in Norway, which is injecting a million tons a year, and the In Salah project in Algeria, which has just started.

HEARING EXAMINER PRICE: Mr. Duncan, I will have to ask you to move along.

IAN DUNCAN: I would just say, I'm familiar with NRG's sequestration proposal. The parameters are consistent with best practices in CO2 sequestration, and the scientific consensus involving C02 sequestration in deep brine reservoirs is an optimal technology for remediating CO2 build up in the atmosphere of global warming. Thank you.

HEARING EXAMINER PRICE: Mr. Gravell. And after Mr. Gravell, Mr. Samson. And then, Willett Kempton.

HARRY GRAVELL: I'm Harry Gravell, G-R-A-V-E-L-L. I'm the president of the Delaware Building Trades Council. I just have a few words. I

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won't take three minutes.

I just want to say, the last time I was here, and I was here and testified two nights ago, Tuesday night, I talked about how absurd it is to not do anything. I even quoted the king of absurdity, Groucho Marx who said, Don't just do nothing, sit there.

I want to reiterate that it is really my stance, personally, that there has to be something done.

But tonight, I'm also here to tell you about the Delaware Building Trades Council and what our stance is.

It is the opinion of the Delaware Building Trades Council and its members that the citizens of Delaware will benefit and would definitely be served by accepting the proposal of NRG.

First, this innovative technology would help clean up, which is probably the dirtiest plant on the Eastern seaboard.

The City of Millsboro would benefit because of NRG's commitment to using wastewater. And the wastewater as their process water.

And second is the growth. The average income in Sussex County is somewhere near $36,000. The jobs that would go building into that economy and

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building that in five years would be more than $36,000 per job. So, it would actually help with the growth of that.

I also brought a letter that we have written to certain members of the PSC. I'm just going to read the first paragraph.

As you are aware, NRG, the company which operates the Indian River Power Plant is working to build a new clean coal facility at their site to help stabilize electricity prices. This project will create a thousand construction jobs and have 100 permanent jobs. The Delaware Building Trade Council and all our affiliates have endorsed this project.

The affiliates are, Bricklayers Local 1. Cement Masons Local 2. Elevator Constructors Local 5. Plasterers Local 8. Boilermakers Lodge 13. Sheet Metal Workers Local 19. Painters District Council 21. Roofers Local 30. Insulators Local 42. Plumbers and Pipefitters Local 74. Boilermakers Local 193. Laborers Local 199.

Glaziers Local 252. Electricians Local 313. Iron Workers 451. Operating Engineers Local 542. Cement Masons 592. Sprinkler Fitters 669. And Plumbers and Pipefitters Local 782. And the AFLCIO president. Thank you.

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HEARING EXAMINER PRICE: Mr. Samson. S-A-M-S-O-N.

S.T. SAMSON: My name is S.T. Samson, S-A-M-S-O-N. I'm with the Clean Air Council, also, and a resident of New Castle.

I would like to start by reiterating, the representative of Delmarva who said that the purpose of this RFP was to find price stability and cost effective manner.

And it is the opinion of the Council that the wind farm is the only proposal that provides cost effectiveness.

The main penalty against it seems to be that it does this at a cost that is above today's market price.

However, this is a proposal that locks in a market price for the next 25 years.

None of the other proposals offer a fixed price. They all are tied into the market price of various commodities.

All of the other proposals are exposed to future CO2 carbon taxes, or prices of other mandatory pollution controls and also increased health care costs.

Even the option of doing nothing of

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rejecting all of these bids means that we, as Delaware ratepayers, are exposed to the cost of carbon taxes and other pollution controls and other increased health costs because currently we are getting our power from fossil fuels, partially outside of the state.

Also in regards to price, I would also like to point out, last year in 2006, in Pennsylvania, 36,000 residential customers opted to pay a premium of two-and-a-half cents per kilowatt hour on their electric bills in order to support wind energy, in order to buy wind energy from wind farms in Pennsylvania.

That represented eighty-four million

three hundred thousand kilowatt hours, and this is just the residential, the residential load. It's not including business buyers, universities, as an example.

And kind of sifting out some of the numbers and working from the independent council's report on the percentage above market value and everything, I figured that the Bluewater Wind farm proposal is -- in Delaware, we would be required to pay a premium of only 1.2 cents per kilowatt hour, which I think is cost effective compared to the future gains we get.

HEARING EXAMINER PRICE: Please conclude.

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S.T. SAMSON: I guess that I could wrap it up by saying that the only option for price stability is to go forward with the wind farm proposal. It is the only thing that will protect us from future rate hikes.

Thank you.

Mr. Kempton.

WILLETT KEMPTON: My name is Willett, W-I-L-L-E-T-T, Kempton, K-E-M-P-T-O-N. I work for the University of Delaware, but I am representing today only myself, not the university.

I would like to comment first, I think it is important for the Commission to hear the concerns of Delmarva Power and Light, which, I think, are valid concerns on accepting any of these bids. These are not concerns about one particular bid.

First, that there is going to be too much power during some hours of the day. And, I believe, this is something that is fairly simple for the PSC to, just by a simple rule to adjust, the 30 percent market purchases to be shifted where there's not excess power. There may be some. I don't mean to propose a particular solution. But as an example, excess power beyond that, there could be pay to pay provision of non-SOS customers, for example. But there are other mechanisms for dealing

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with this. I think Delmarva makes a good point, they shall be required to resell power at excess.

The second one is, if prices go down in the future, Delmarva's concern is customers might choose out. So, we have one percent of Delmarva's SOS who have

opted for choice. I don't see there is necessarily a reason to continue that program. I don't see why there should be choice, if Delmarva Power is being required to do certain things like accept long-term contracts for the purpose of price stability.

Second area of concern. Climate change. Many have spoken on that already. I will add, climate change will destroy Delaware. There's no ambiguity about that whatsoever. We've looked at sea level rise. Climate change. Melting greenland. Plus, the West Antarctic, which is most unstable and fastest to lose ice mass. It will take a third to one half of Delaware's land mass. This is a very serious concern for our state.

We have two of these three bidders who are trying to do something about that.

NRG has proposed separation of CO2. And they have said that they will sequester it. Their bid to discuss does not contractually agree to do so as part of the bid. And as a previous speaker mentioned, they are

separating only 65 percent, but they are trying to work on that.

Bluewater Wind, obviously, is not producing any CO2 whatsoever during an operation. If we're concerned about climate change, as we know most citizens of this state and country are, we have to look at those two bids as the most serious ones.

Now, in terms of price and not removing all carbon dioxide and not being sure we sequester, at least not bidding to sequester as a required part, I think that leaves us with Bluewater Wind as the only viable bid that is contractually not going to be producing CO2 as part of operation. Pollution issues are also there, and those two bidders are trying to reduce pollution from existing facilities. Again, the wind bid is the one that is really no increase.

Now, base price. I just want to mention very briefly. Base price -- price comparison 8.7 cents per kilowatt hour. I want you to look at your bill, if you are a Delmarva customer. It says you are paying 11 cents for energy, and then there are other charges on top of that.

Now, it's true there are other things

added to the base price, which is a bulk price.

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Ancillary services are about five percent average.

So, I think our current cost, if you compare to these bids, is around ten cents. I don't have a complete analysis of that. There is a plus or minus factor on it. But I think that is a more accurate number to compare the bids to, rather than 8.7 or 11, which is what's on your bill, 11 cents per kilowatt hour.

HEARING EXAMINER PRICE: Can you wrap it up, please.

WILLETT KEMPTON: At the University of Delaware, we had a survey. Delmarva customers, as part of survey of the whole state, if the price is the same, which I believe is about correct, 95 percent of Delmarva customers would prefer to have wind for new generation, rather than natural gas or coal.

If it's $10 more, which is what the independent consultant said, 89 percent. So, whatever the base price is, we are just talking about whether 95 percent of Delmarva customers would rather have wind or 89 percent of Delmarva customers would rather have wind. I think the customers have spoken very clearly on that.

I have submitted and prepared a rough that contains these numbers. I have a single printed copy for your convenience and I'll also submit it on the

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website.

HEARING EXAMINER PRICE: Okay. Thank you very much. Joseph Schorah and then Charlie Gress.

JOSEPH SCHORAH: I would like to thank you for allowing me to speak at this open conference here.

My name is Joseph J. Schorah, S-C-H-O-R-A-H. I'm the business agent for the Sheet Metal Workers Local 19 of Delaware. I'm a resident of Bear, Delaware. I also have a beach house on Long Neck Road down in Millsboro.

The initiative of this committee was to find additional power to help reduce cost because of the public outcry from the people of Delaware after last year's unheard of 59 electrical power increase by Conectiv.

I would like to say proudly that I support the NRG project at the Millsboro powerhouse because it will help to reduce carbon emissions and help to reduce the cost by principles of supply and demand.

The Millsboro powerhouse is in operation now and will probably be for another 250 years because of the 250 year supply of coal. So, why not support a business that is willing to work on reducing emissions by

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60 percent, double the output of electricity by 100 percent, and help the Town of Millsboro by saving them millions of dollars in cost that have the wastewater treatment and pipe it to their facility and reuse it to cool the plant.

Not counting the new, permanent high paying jobs and tax revenue brought to this state by this and only this project. I don't believe Delmarva is looking at these issues seriously and how they help the state all the way around. And I also think that their decision is only in the best interest of Conectiv and not the people of Delaware.

I don't know how many people live in the Bear area when last summer you would come home from work and all your electronic clocks in your house were blinking and needed to be reset because Conectiv either didn't want to buy additional power or couldn't buy additional power or had some kind of rolling blackout.

This is substandard to a company that went into our pockets and took out a 59 percent increase.

As for the Bluewater project, it might sound good. It might make some people feel that they are helping our atmosphere, which they might be.

But this project does not meet the

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demands of this committee. It comes up short. I believe with the reports coming in about the major decline in the population of several different species of fish in our Delaware bays, the last thing we need to do is tear up 30 square miles of seabed with these monster concrete columns and to support these large windmills. We are trying to save one area and destroy another.

In conclusion, the Conectiv and Bluewater plants don't help the existing emission

problems and don't help to reduce cost to the people of Delaware. Thank you for your time.

HEARING EXAMINER PRICE: Thank you. Mr. Gress.

CHARLIE GRESS: I'm Charlie Gress, G-R-E-S-S. I'm an employee of NRG Energy and a citizen of Delaware.

Our economy and society is dependent on the availability of reasonably priced electric power.

A diversified and electric portfolio is critical to making a secure and price efficient electrical system.

Energy needs to come from gas, nuclear, renewables and coal. Coal is the most abundant energy source in the United States. It's price stable.

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But long-term health and sustainability of the planet is dependent on environmentally friendly electric production. The need for clean coal technology is recognized nationally. More IGCC projects have been selected in the round of competitive competition under the Federal Clean Air Power Initiative.

Hilary Clinton has recently stated publicly that IGCC is a technology that should move forward and is planned to introduce legislation to provide funding for five projects across the country.

IGCC is a proven technology with six IGCC plants currently in operation in the U.S. for the reduction of electric power.

Use of the technology is more widespread in Europe and Asia with capacities of plants exceeding 600 megawatts.

IGCC is a must have and a diversified portfolio because of its use of coal, the ability to minimize emissions and capture greenhouse gases. It is not a matter of if IGCC plants get built. It is a matter of where they will get built.

HEARING EXAMINER PRICE: Thank you. Amardeep Dhanju.

AMARDEEP DHANJU: Thank you for the

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opportunity to speak. My name is Amardeep Dhanju, A-M-A-R-D-E-E-P D-H-A-N-J-U. I'm a research assistant

and Ph.D student at the College of Marine Studies University of Delaware.

I've studied offshore wind for the last two years and given presentations on this research. Today, I'm going to speak strictly from a research that is being recently accepted and being renewed.

Our research shows that there is a very large wind resource available off Delaware with a nameplate capacity of around 16,000 megawatts. This is after considering intrusions built, such as bird flyways, shipping lanes, waste dumps and beach management areas.

This global resource is four times Delaware generation capacity of around 4,000 megawatts. The proposed 600 megawatt wind farm would only use a portion of Delaware's available wind resource.

We've done some economic analysis of the wind resource. The studies show if half of the resource is built, it would represent one billion dollars a year in potential electric sales to the electric market.

Given the extent of the resource, after this one, 600 megawatt wind farm is built, we can determine if and how we can develop this resource

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further.

The Commission should note, this wind farm is an entity into what could be a major industry for the state.

And I would like to give copies of the research paper to the Commission.

HEARING EXAMINER PRICE: Please. Thank you.

Jim Feist, and then Sumner Crosby. After Sumner Crosby, Abby Rector.

JIM FEIST: Good evening, Ladies and Gentlemen, Your Honor. My name is Jim Feist, F-E-I-S-T.

I've been a lifelong resident of Delaware and I lived in Lewes, Delaware and Sussex County for about 18 or 20 years.

I'm currently employed by NRG. I strongly endorse NRG's commitment to the IGCC project. And I'm basing that on the commitment I see, in part, IGCC technology.

NRG has gone out of its way to commit to

cleaning up greenhouse gas. That's one of their biggest concerns for the future. New projects are all aimed at cleaning up the environment.

I'm really here speaking as a private

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ratepayer, and I would like to address most of my comments towards the do nothing approach by Delmarva.

I think that one of the reasons that we are out here is to see some of the greatest stability in the rates that everybody pays.

Bottom line is, we can't afford horrendous rate swings, which are dependent upon the price of natural gas.

The utilization of natural gas has increased tremendously in the last few years. It has been pointed out to us by several people. The number of homes that are going in with natural gas is up by 16 percent over the last five to seven years.

The unfortunate thing is that as petroleum becomes more expensive and more difficult to get, we are becoming more and more dependent upon natural gas resources. And natural gas is going to climb proportionately. Availability dictates price. The more that is used, the more it will cost us as ratepayers every month.

We truly cannot afford to take either a do nothing approach and be dependent upon swings in the economy for natural gas for energy. And we truly can't afford to see Delmarva utilizing the available natural

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gas when there are other sources that can be used for the generation of energy in our state.

We all live here. We all pay the rates. And I hope that everyone sits down and thinks about it. When they talk about natural gas and talk about petroleum, they talk about in decades. When they talk about poll they talk about censorship.

Keep in mind, it would be nice to clean up the environment. It would be nicer to clean up the environment and maintain the way of life that we have enjoyed for our children and our childrens children.

I thank you.

HEARING EXAMINER PRICE: Mr. Crosby.

MR. CROSBY: My name is Sumner Crosby. S-U-M-N-E-R C-R-O-S-B-Y.

About a month ago, I learned about all of this that was before us, and I thank you, again, for giving the public an opportunity to address this issue.

As the previous speaker said, this is of utmost importance to ratepayers. And as you said, I think the most important thing is stability.

We have an enormous opportunity in front of us. I think we really need to keep it in mind. I got children who play on that beach down in Lewes. We have a

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house down there on the bay, which if Dr. Kempton is correct, if we do nothing, or if we continue to burn fossil fuels the way we have been burning them, it may be underwater along with a number of other homes in Delaware by the end of this century.

I'll come back to that in a minute.

I'll be submitting much more detailed comments. But I would like to say, I find it very difficult to understand how the top two scores, given all of the uncertainty about the cost factors, the top two scores would get such a high weighting and everything else would get a small weighting.

I think we've heard enough about stability here to realize that anything that is tied to something that holds, at least, 50 percent of the market. My understanding is that coal has, in this market today, as carbon taxes, carbon allowance, whatever you want to call them, come on line, talking 30 percent, perhaps, 50 percent increase in costs, it will be passed onto you and all of us. That's not a stable situation.

The only thing that is out there that really offers stability is this wind opportunity. And I agree. We cannot do nothing. We need to do something as aggressively as possible.

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As a presenter at the beginning suggested, we need to as aggressively as possible pursue conservation efficiency and so on.

If there's to be any new power in Delaware, or, for that matter, anywhere in the country, it needs to be truly clean, not kind of clean. It needs

to be truly clean power that will come from things like wind and solar.

HEARING EXAMINER PRICE: Sir, I will have to ask you to conclude at this time.

SUMNER CROSBY: The only thing I would ask you to do, like the sneaker company says, Just do it.

HEARING EXAMINER PRICE: After Ms. Rector, we will have David Burton. Then Al Denio. And Frieda Berryhill, please.

ABBY RECTOR: My name is Abby Rector, R-E-C-T-O-R. I'm a concerned citizen, and I graduated from the University of Delaware with an environmental degree.

I have to say, I went into environmental because I knew we were energy users. And as energy users, there's a better way of doing it. There is a better way of doing it. But there is also a practical way of doing it. The more I work out in the field, and I

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worked at all three of these technologies, the more I realize you have to go with what's stable technology.

I support the NRG proposal because I see them reducing emissions. I see them taking a chance and saying, Hey, this is new technology. It's new technology that is supported by evidence that is used in other countries. It has been used in the United States and in doing something.

We all need to be practical with the wind turbines. I agree, wind turbines are great. The truth is, the technology is changing every day. You have breaking wind turbines that aren't shaped like normal wind turbines. They're kind of coned and they spin and they got great efficiencies. The truth is, in a couple of years, that could be the reality and will it build this whole new wind turbine farm that's totally outdated. I don't suggest that.

I would like to address, though, the do nothing policy. I don't view it as a do nothing policy. And I think that everybody needs to change their mindset on that. It is not a do nothing policy.

Delmarva is one of the biggest deciding factors in this decision. And they're going to decide, if they get their choice, to buy power from the power

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plants. They are these burning coals and burning fossil fuels without the new technology. Those are located west of us.

If anybody watches the weather, they know where our weather comes from. That all comes from the west. Talk about really bad asthma rates. Talk about all different pollutants that are in the air. The fact that we're one of the worst ozones -- this state.

We need to reduce where we get that. And we are getting that from our neighbors. We are not getting it from what's made here in Delaware.

So, I think we need to look at both of our options as clean coal technology and a little bit of wind turbine. We need to go with what's practical for the technology. We need to go with what we can do and what we've proven to do and we are going to do that and take us to the next future.

HEARING EXAMINER PRICE: Thank you very much. David Burton.

DAVE BURTON: My name is Dave Burton, B-U-R-T-O-N. I want to thank you for the opportunity to speak tonight.

I'm an employee of NRG Indian River Generating Station, but I am speaking here tonight as a

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lifelong resident of Delaware and a concerned citizen.

I was born and raised and educated in Delaware, and this is where I fully intend to raise my family and children. As an active member of my community, past president of the Delaware Lion's Club, member of VFW Mens Auxiliary, and I am currently a member of the Delmar School District Board of Education.

Due to recent publicity surrounding this RFP process, there's no secret where I work. I have been asked a number of questions recently by friends, family members and community members about the RFP process and three proposals that have been submitted.

When I explained the RFP process and the facts surrounding each of the three proposals, including the benefits and drawbacks, individuals overwhelmingly reached the same conclusion that I have, which is that NRG IGCC proposal is the best overall option for

Delaware.

The IGCC proposal provides clean reliable affordable base load generation for Delaware and its residents and huge economic long-term benefits to the state during a time when good, high quality paying jobs are leaving the state as seen with the imminent shutdown of the Chrysler plant.

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When these types of events happen, they have horrific impacts on the surrounding communities and those who live in them. I have seen this firsthand in Western Sussex County and Seaford, when DuPont pulled out of the Seaford Nylon plant.

There has been a great deal of miss information presented on the airways and in the press recently concerning the health impacts on the emissions -- health impacts from the emissions that NRG's IGCC plant supposedly created.

The fact is, the IGCC plant and the associated retirement of Indian River Unit No. 102 will significantly reduce the Indian River facility and help improve overall air quality.

I've also heard and read a great deal concerning the increases in a number of special needs children in Delaware and how Indian River is part of the reason for this. Though, I have to question this conclusion.

Delaware's Sussex County has seen a tremendous amount of growth in recent years, by itself would increase the number of special need kids. But in addition, my school district receives numerous inquiries annually from out of state parents special needs kids who

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want to move to Delaware because of the quality of the programs the state offers compared to the surrounding states.

I believe that it is these reasons we are seeing increased numbers, especially of kids in Delaware, not pollution.

If Delaware residents are, indeed, experiencing more health issues due to increased pollution, as a lifelong resident of Delaware, most of which has been in Sussex County, I'm much more concerned

with the population explosion in Delaware and, in particular, Sussex County and increase in all types of pollution growth brings with it. So, increased wastewater, vehicle emissions, et cetera.

And then, I'm concerned with the proposed IGCC plant which actually results in lower emissions, but will also provide a multitude of other benefits for the state and its residents.

Therefore, as a resident of the State of Delaware and concerned community member, I firmly believe that NRG's proposal, without a doubt, is the best overall option for Delaware and its residents.

AL DENIO: My name is Al Denio, D-E-N-I-O.

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I must confess, I'm addicted to electricity. I start my day by preparing coffee, and I plug that sucker in and think nothing about it.

But we do have to become concerned as we look to the future. I expect when Delaware disappears under the Atlantic Ocean, I hope to be up in Heaven somewhere, but that maybe wishful thinking on my part.

Now, I decided I should really do some more reading. I recommend to all of you Science Magazine. This is in your local library. This issue is dated February 9th. The main focus of this issue is sustainability and energy. A lot to learn in this issue. Everything from solar. Nuclear. Fossil fuels.

And what attracted my attention was an article by Daniel "Shibe" (phonetic) from Harvard University entitled Preparing to Capture Carbon.

Now, of course, the catch phrase is carbon sequestration. That sounds kind of sexy. Sequester that carbon dioxide and lock it away in the valves of the earth.

Now, that's kind of appealing. Just get that stuff out of sight, out of mind.

After reading the article, which is very interesting, he points out that carbon dioxide removal

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uses about 30 percent of the energy from burning of the coal.

So, in other words, this process is a

very expensive add on to the cost of the energy.
He points out there is not yet a coal plant in this country that practices carbon sequestration. I noticed the NRG proposal suggest that they might try to get 65 percent. 65 percent is on the high end of what a lot of people predict might be possible.
In terms of coal gasification, it states that only two plants in the U.S. are doing that, neither one is capture ready. In other words, not involved in sequestration.
So, we really do have to be concerned with this carbon dioxide problem. It's not going to go away. So, we have to completely rethink what we're doing in terms of energy generation.
I hopped on Interstate 95 to drive up tonight from Newark, and I have to tell you, there is the usual traffic jam. And I thought about all of these cars emitting carbon dioxide, which, of course, is coming from gasoline, which, of course, is coming from the Middle East.

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So, we do have some serious problems to contend with. As far as electricity generation, it appears the wind farm proposal really has the most to offer long term. And I think we really do have to be concerned that about the future of our children and grandchildren. And, in fact, I think if you are concerned about the future of Delaware, you really have to start thinking seriously about carbon dioxide emissions.
Thank you very much.
HEARING EXAMINER PRICE: Ms. Berryhill. Then we will have Coralie Pryde, I believe.
FRIEDA BERRYHILL: My name is Frieda Berryhill. F-R-I-E-D-A B-E-R-R-Y-H-I-L-L.
I got to admit that I'm still in shock over the statement by the first speaker, Maryanne McGonegal. Why should citizens go through such difficulty to have a voice in the process? Things have changed since the good old days.
When DP&L wanted to build a nuclear power plant, I wrote a one line letter asking for legal

intervention. They wrote me back a one word letter saying accepted. I don't know what the difficulty is. I think we need to correct that.

1205

Also, I'm very glad that the speaker from the plant, NRG, said, very pronounced, he said, cleaner coal energy. Clean coal energy is an oxymoron. 60 percent is not good enough. CO2 mercury still goes up the stack.

Let's be honest here for a little bit. Now, I had a speech prepared, and I am going to cut it. It's getting late and I just want to speak. I would like to say, I have been involved with energy for many years. I know what goes on with wind power.

In Europe, they are building it by the droves. They even build them in median strips. When I first heard of it, I couldn't believe it. There's endless highways in this country. What's wrong with the median strips? I looked up the company that is building them. It looks absolutely logical. Even the wind from the cars keeps them going.

Solar wind power capacity has increased in Europe by 15,000 megawatts in 2006. The increase was 29 percent higher than in 2005. And the world capacity of wind power is 74,300 megawatts. Spain, Holland, I could give you the capacity factors of each country, but I will make it really, really short.

Now, somebody mentioned price stability.

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Wind farms are not subject to fluctuation of fuel prices. Wind is a domestic energy source. Wind farms do not pollute the air we breathe. Wind farms do not produce extraordinary waste, such as nuclear and coal.

The question is, What if the wind doesn't blow? Last summer, large nuclear power plants had to be closed for lack of sufficient cooling water due to the extreme hot weather. You know, nuclear plants close down for months for refueling. My toaster still works.

As far as aesthetics are concerned, this kind of makes me laugh. After a lifetime of looking at smokestacks, I should worry about aesthetics of windmills. Give me a break.

All we need is vision. Vision. And a look at the future. Vision is very rare commodity when it comes to elected officials. Let me tell you, I speak from experience.

HEARING EXAMINER PRICE: Coralie Pryde.

CORALIE PRYDE: My name is Coralie Pryde, C-O-R-A-L-I-E P-R-Y-D-E.

Frieda is a hard act to follow. Now, I know everybody is awake. I was preparing some comments to give, but I felt like I had to change track after I

1207

heard one of the earlier speakers. I don't remember the exact name of her group. Citizens for Power Choice, or Sunset Energy Choice and talked about the Internet rumors.

I feel that needs to be answered. I think they're more than Internet rumors. Mercury from coal burning in the air isn't the mercury that poisons you. It's not methylmercury. No. It's not. But that mercury in the air lands on the water and the soil and it is then converted to methylmercury and other organic mercury. And that methylmercury is taken up by fish and other organisms.

There is a lot of mercury in our streams in the Northeast. That can be traced directly to the power plants of the Midwest, so the fish aren't eatable. It's the same mercury that is getting in the tuna, meaning it is no longer safe to give your child a tuna fish sandwich.

Talked about autism and special education needs. I've heard of studies in Texas that have shown a very clear correlation with families who are living down wind of the very many coal plants in Texas where there is a very strong correlation between excess learning disabilities and the distance from those power

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plants.

A group of people in Sussex County also looked at their children because they're having a lot of problems. And again, they looked at the families down wind of the power plants and found exactly the same correlation with such excess autism and learning disabilities near those power plants.

I don't think all of the people moving from out of state get better education in Delaware that happen to move down wind of the power plants in Sussex County. That doesn't seem likely to me.

She talked about cancer and coal. The components in coal ash have long been known to be carcinogenic or otherwise to promote cancer. That's not a question.

Again, the things that are going into the air have much history of being a relationship with cancer. Much of it is statistical, but arguing that there is no correlation between coal burning and cancer like the cigarette company saying there's no correlation between cigarette smoking in cancer.

Just, briefly, then. NRG seems to be saying that we should take their new somewhat cleaner plant, so they can get rid of their old, really dirty

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plant. Well, I think we should get rid of the old, really dirty plant. I would like to see it replaced with a new option, wind energy.

Our governments have spent billions of dollars over the year supporting oil and coal. It's time that they really support some clean energy.

I thank you for letting me speak, and I would like to join others in stating that the remaining part of the process remain open to all of us citizens. Thank you.

BRIAN McGLINCHEY: Brian McGlinchey, M-C-G-L-I-N-C-H-E-Y. I'm a resident, proud resident of the City of Wilmington. And I am representing the Laborers International Union of North America the Eastern Region, which includes the State of Delaware.

First off, I would like to extend a warm thanks to our friends in the environmental movements, which we 90 percent of the time the folks in organized labor share a common bond.

And, I think, in light of these hearings tonight, I would like to extend a hand to try to form a partnership where applicable.

In this case, my comments tonight are geared more toward the process than the actual technology

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themselves.

We have great concerns with the process. In fact, the project that ranked most highly in the evaluation reports looks an awful lot like the project that was targeted by Delmarva's initial draft of the request for proposal. And I think we all know that's one of the oldest tricks in the book is, you sit down, you write a proposal for what you want the answer to be. And that concerns all of us. Not just working men and women of this state. That goes to the integrity of the entire process.

Further, this was done before the Public Service Commission actually made them change it to something more in line with relevant law, the state code. In fact, it seems highly questionable that pricing and the scoring systems was used so that the only one that could win was Delmarva and its affiliate, Conectiv.

Somebody said earlier, I think Bob Carl, that is the fox watching the hen house.

The independent consultant never built its own models. They relied exclusively on the models built by Delmarva's consultant. How could you expect any reasonable standard, any reasonable person to have a different view when the system itself needs to be

challenged.

The evaluations, in our mind, are flawed. The evidence is that the recommendations to the state agencies do the exact opposite of what the RFP process was designed to do.

In the interest of disclosure, I have to say that the crowd of men and women, 40,000, in the Laborers Eastern Region whole hardly endorse the NRG project over all of the others.

But I have to tell you, in all honesty and candor, we are very, very disappointed with how this process played out.

Thank you very much.

HEARING EXAMINER PRICE: Michael Fiorentino. And we are getting short on time. I am going to be encouraging people to stick strictly to the three-minute rule.

MICHAEL FIORENTINO: Madam Hearing

Officer, would you kindly give me a 20-second warning?
HEARING EXAMINER PRICE: Yes.
MICHAEL FIORENTINO: Good evening, Madam Hearing Officer. My name is Michael Fiorentino. I am the executive director of Mid-Atlantic Environmental Law Center. We're a nonprofit organization based in

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Wilmington. We provide legal services to public interest organizations, and we have hundreds of members in the State of Delaware.

We are encouraged by the Delaware General Assembly's willingness to give fair consideration to Renewable Energy in the EURCSA law. But the government has really been thrown down by the legislature, and yet, it's not clear the method of selecting a project that has been implemented by the Commission and agencies has been done in a manner consistent with criteria set forth in the act.

The scoring system devised in the regulation appears to be arranged in an arbitrary and capricious manner, in that the points given to certain criteria weighted much more heavily than others. If any preferential weighting was available from the reading of the act, which is not explicit, and even the manner in which scoring within that weighting was carried out is arbitrary, as well.

First, we believe that the 14 points out of 100 that were accorded to environmental impacts was low.

The reading of the Code 1007(d)(1), which is the act, gives the impression that the

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environmental category would have been entitled to 17 points at a minimum, perhaps, considerably more in view of the following.

(C)(1) of the act states, quote, In developing the IRP, Delmarva may consider the economic and environmental value of, and then it list several criteria. What is remarkable about this language is the co-equal bill that environmental factors achieve alongside the economic ones. A plain reading should have guided the agencies in developing a scoring machine that reflects much higher consideration of environmental

concerns than what was afforded.

Furthermore, an analysis of the manner in which the arbitrarily and improperly undervalued environmental factor was actually utilized in scoring of these three bids, and even more perplexing. It is extremely difficult to fathom how a natural gas power plant burning fossil fuel results in hundreds of thousands of tons per year of global warming gases, as well as major source level of criteria pollutants, conventional pollutants we all think about, could receive such a high score on environmental factors in relation to the operationally emission-free power that we would get from an offshore wind farm.

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And it seems overall that the scores given to Conectiv and NRG projects were given points on the environment based in relation to the ideal, not the ideal of no impact, but against the impacts of conventional fossil power plants, such as those we currently have in Delaware. And that's inconsistent and incongruent with the other scoring patterns, such as the price criteria, wherein they provide 33 points and Conectiv's bid get all 33 points. This is very odd. Given that the wind project received only 4.8 out of 33 points when the price was only 16 percent higher. That is not the same scoring regime that was provided for the environmental factors, and, therefore, it is arbitrary.

The wind, in conclusion, the wind provides excellent price stability for such a small price to pay, which I understand is on the order of a three percent overall increase to customers' monthly bills. So, therefore, the disparity between the weighting and the ultimate scoring of environmental and price says a great deal about the manner in which this was carried out, this process.

We urge the Commission to reevaluate the groundwork and make an ultimate decision that embodies greater sensitivity toward these issues and greater

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accord with the will of the legislature.

And now, Madam Hearing Officer, I would like to submit my full comments, which I have truncated for the record. I will reserve the right to submit

additional comments within the time period.

HEARING EXAMINER PRICE: Ory Streeter. And then Bernie August.

ORY STREETER: My name is Ory Streeter, S-T-R-E-E-T-E-R.

Basically, if you're still here, you really care about this issue. If you're still here, you probably have a better head for statistics than I do.

I actually graduated with an undergraduate degree in animal behavior and another in psychology. So, you might ask yourself, what does somebody do with a degree in psychology and a degree in animal behavior.

And the answer is, I work with college students.

I cannot speak for the University of Delaware right now. But I can speak my experiences with the University of Delaware.

The University of Delaware has 16,000 undergraduate students, well, around 16,000, plus

approximately 3,000 graduate students. I'm one of those.

If we factor in the part-time students, there are approximately 20,000 students at the University of Delaware. And those students are painted as an apathetic group. I'm sure you've all heard that stereotype before.

They might not be socially apathetic. They might not be recreationally apathetic, but they've been reported as chronically, politically, and physically disengaged.

Think back to the Vietnam era. Think back to the Civil Rights Movement. Whether it was private protest, where does that find you now. Where is the passion of our youth. I don't know where that is.

But I have some excitement over the wind power option that has been presented tonight. We see the world changing all around us every day. We hear nonprofit on the news and we learn about the new sustainable solutions in the classroom every day.

Wind power is stable, sustainable, renewable resource. It's a possibility. And so is the empowerment of youth. From the most naive kindergartner

to the most jaded undergraduate student, we can re-empower the youth of today.

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As we speak, University of Delaware students are actively pursuing proposals to push the University of Delaware to commit eight percent of their power purchases to wind power. That's a student-lead initiative.

I want to be proud of the students. The students, the children, the future, we all want to be proud of the decisions we are going to make. We can expect the state to set an example for our youth. We should take action that moves us forward in a social, economic and environmentally conscious manner.

I would like to encourage the state to become proactive to become passionate. Take a progressive stance and commit yourself to find a way, whichever decision you make, to make it work for everyone.

Thank you for your time and thank you for the chance of considering the wind power option. And also, thank you for the chance to speak to the community on behalf of the students that I see every day that are excited about this issue. Thank you very much.

HEARING EXAMINER PRICE: Bernie August.

BERNIE AUGUST: My name is Bernie August. I've been a state energy activist in Delaware

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for about 35 years. I'm a registered intervenor with the Nuclear Regulatory Commission. I'm a citizen activist and specialist on nuclear plant safety and state energy issues, which is one reason I'm still around.

This process here -- I was the only citizen intervenor in Delaware during the deregulation process besides a couple of other groups.

I just want everybody to know that you must fight against this company to prevent them from building anything or putting up anything but these wind farms.

This company has had a monopoly for years in Delaware. And the only reason why they got as far as they have is because of their relation, and now they are an underegulated monopoly and they do not have

to really answer to the public ratepayers anymore for what they want. So, now there's political payoff of who gets what and how they spread it up.

Now, I was very upset tonight when I heard Maryanne McGonegal say there ought to be more intervenors involved. I spent two years attending meetings. I even had a chance to hear a DP&L lawyer say at the first meeting that we were not going to charge ratepayers of Delaware 11.5 million dollars golden

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parachute.

Now, you know, I've got a lot of friends here. I was there. I saw it. Some days I had to go home. You know, a lot of money left Delaware. A lot of inefficiencies. A lot of businesses were put out of business because of consolidation and start-up companies have all of this stuff.

It has cost the ratepayers in Delaware millions of dollars to pay for these costs. And it is just kind of ridiculous now to sit here and go through this again when they know better and not to do what is right by us in Delaware.

Now, another reason why I'm here is because we, as taxpayers, spent a lot of our money by giving the University of Delaware lots of money to research alternate energy technologies, solar and wind, bio mix. Corporations in Delaware are doing that. Of course, you've been reading about it.

And it is kind of a sham for us to sit here and listen to outside companies with so-called clean coal technology or nuclear technology -- talking about the same thing again. It's just ridiculous. And let's get on with the program of saving energy.

I'm a sailor and a swimmer, and I like

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the beach. I like to come to Delaware and keep doing it. That's all I got to say, folks.

One more thing. The only reason you got a five-year delay on your rate increase was because I did not leave the room until you got it.

HEARING EXAMINER PRICE: Jeremy Firestone.

JEREMY FIRESTONE: Is there enough time

for everyone to speak?
HEARING EXAMINER PRICE: I'm going to make it some kind of way.
JEREMY FIRESTONE: Otherwise, I would be happy to pass.
HEARING EXAMINER PRICE: Let me hold you then. Alan Muller.
ALAN MULLER: Madam Hearing Officer. Commissioners. Mr. Howatt.
My name is Alan Muller. I'm the director of Green Delaware. But I need to say, to the extent that I'm an intervenor in this docket, I speak only for myself because the Public Service Commission has changed its rules such that I can no longer easily represent my organization without being accused of practicing law. And this is one of the many changes that

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snuck into the process of the so-called Public Service Commission to obstruct participation by the public. And I don't mean to be disagreeable about this, but I think it's important that everyone know it.
Now, I would like to read you something that I received from the Commission's other hearing examiner regarding intervention in this docket.
Mr. Bill O'Brien says, I approve Bluewater Wind's petition so that Bluewater may represent its economic interest.
I approve NRG's energy petition so that NRG Energy may represent its economic interest.
And then he goes onto say, I approve, under certain circumstances, Dr. Firestone's, Mr. Muller, and Ms. McGonegal's petitions so they may represent their interest as residents of Delaware concerned with impact on the environment and public health.
Then he goes onto say, Dr. Firestone, Mr. Muller and Ms. McGonegal may act as one party with one voice.
And I won't go on and on. But the substance of it is, there is only supposed to be one voice representing the environmental public health in this process.

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And I invite you to think about that. I

invite you to share your thoughts on that matter with the members of the Public Service Commission and the Governor.

Now, I'm going to only mention a couple of points here. I have not been involved with the Public Service Commission nearly as long as Frieda Berryhill and Bernie August have. But I have been dealing with it on these very issues since 1992. And I spent some time today looking through boxes of old files wondering what has changed and what hasn't. And some things have and some haven't. And some are ironic. And I won't have time to discuss them.

NRG Energy and Conectiv are both bidders in this RFP process. They are both objecting to a regulation enacted by DNREC calling them to clean up their existing facilities. And they are pursuing appeals in the Superior Court and before the Environmental Appeals Court.

And my personal judgment is, these companies have one hell of a nerve seeking to build new facilities in Delaware when they decline to clean up their existing ones.

And I believe that the bids ought to be

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rejected categorically by the Commission until these facilities withdraw their appeals of the clean up regulations.

Secondly, and you may not know this, there is a gasifier in Delaware. It's an integrated gasification combined cycle unit at the Delaware City refinery. It burns petroleum coke, rather than coal, but the technology is very similar.

We followed that facility since its initial permitting and its performance has been extremely unsatisfactory over ten years, and many hundreds of million of dollars invested, is incapable of earning half of design capacity.

Now, that is not to say that one cannot build such a facility and have it work. But it does illustrate that there's a significant technical risk in this so-called clean coal technology. It's at least as risky as investing in wind power. And in our judgment, investing in wind power is a risk worth taking because

there's an upside. No pollution. Whereas investing in coal is a foolish thing to do at this point in history.

HEARING EXAMINER PRICE: Mr. Muller, twenty seconds.

ALAN MULLER: I have a couple of

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exhibits I would like to give you and have marked, and then I will be done.

One of these is from a Federal Energy Laboratory, and it's a discussion of a very similar project in Minnesota that we are following. And the interesting part of it is that it identifies the cost of $2,155,680,783. So, it is worth thinking about all of the constructive things one can do with over two million dollars, as opposed to investing in a new coal burner.

So, I would like these two items to be marked as exhibits, if I may.

And this is a report entitled Feasibility Study for an Integrated Gasification Combined Cycle facility in Texas. I won't take up your time talking about the significance of this because there are other people waiting to talk. But I would like it also to be marked as an exhibit.

All right. I will just close with the thought, really, if you look upon the issue before us as a question of whether we should have wind or coal, that's a no brainer. The issue is actually a little bit more complicated than that. It does call for serious detailed participation by representatives of the public interest. It's not something any of us can do in three minutes.

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Thank you.

HEARING EXAMINER PRICE: Len Schwartz. And then Reverend Gillette.

LEN SCHWARTZ: Good evening. Thank you for giving me the opportunity to speak. My last name is spelled S-C-H-W-A-R-T-Z.

I'm a professor of engineering at the University of Delaware.

Prior to coming to Delaware, I worked at the Exxon research lab. And most of my work had to do with the flow of liquids and gases under the ground.

So, I'm very familiar with the use of

CO2 as a technique to be pumped into oil reservoirs in order to increase oil production.

When I worked for Exxon some number of years ago, we were doing that.

What happens to the C02 when you pump it into the ground to get out the oil?

Well, CO2 comes right back up with the oil. Of course, it's not going to stay in the ground.

So, to use the enhanced oil recovery example to justify carbon sequestration is a nonsecretory. It doesn't make any sense.

Right now in the world, there is exactly

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one operating carbon sequestration operation. That is the one in the sea off Norway.

The reason why they're doing it is because the Norwegians put a carbon tax on.

If we had that carbon tax in the United States, it would raise the price of a kilowatt hour of electricity by seven cents. And that's the wholesale price. So, it would more than double what we're paying now for electricity.

I favor the wind project. Let me say this. I've been following wind for a number of years. I'm a professor of engineering.

The cost per kilowatt hour of wind generated electricity has decreased by a factor of ten in the past 20 years. If we were to make the decision right now to go with wind, we wouldn't be acquiring the wind turbines for a couple of years. And in that period of time, I would expect that wind would look even better from an economic point of view.

NRG is claiming that they can sequester something like 65 percent of the carbon if they're forced to do it.

I maintain that this is a number that came from nowhere. It's not clear that they could

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sequester six percent.

Thank you very much for your time.

BRUCE GILLETTE: Thank you for your time. My name is Bruce Gillette. My wife, Carol, and I are co-pastors at the Limestone Presbyterian Church here

in Wilmington. My name Gillette is spelled like the razor, G-I-L-L-E-T-T-E. No connection, as you can tell by the beard.

This morning I was in a location where I prayed like I rarely pray in my life. I was sitting in a dentist chair. And there was quick evidence that I was a sinner because I had not flossed enough and I had a cavity and I paid the price.

Afterwards, the dentist told me about this new fancy electric toothbrush that would help prevent those. I was quick to buy into that technology, even though it cost more than the $2 one I could get at the pharmacy.

I'm here this evening not only as a pastor, but as a parent. I've heard people talk about the short term and the long term. I look at the eternal view of things.

My boss, I believe, created the coal, created the oil, created the natural gas, creates the

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wind, as well.

The Hebrew scriptures written 3,000 years ago says, the earth is the Lord's and the fullness thereof.

We have a responsiblity for the creation that God has given to us. And we all know, if you want to look at the recent U.N. report, that we made a mess of it.

If you were to go to a church this coming Sunday, either Roman Catholic, Lutheran, Episcopalian, Methodist, Presbyterian, there is a good chance you will hear the Gospel message of Luke 13 where Jesus talked about natural disaster and people wanting to blame other people for it. He says we all need to repent. We're all sinners.

Well, we do need to repent and repent is more than feeling sorry. It's changing our ways. We need to change the way we're living for the sake of our children and our grandchildren. That is the teaching of the Roman Catholic, U.S. Conference of Bishops. That's the teaching of the National Council of Churches. That's the teaching of the Vice-president of the National Association of Evangelicals.

The religious community understands the
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status quo can't continue. The kinds of technologies we've used to date to provide our energy needs have made a mess of the world. We need to look at creative new ways.

The wind technology looks incredibly promising. Is it the only solution? Maybe not. But we are Delawareans. And we are called the First State. And that is because people -- a few leaders had envisioned 200 years ago to try something new.

I would encourage leaders today to try something new. And maybe a future U.S. coin won't have Caesar Rodney but Delaware windmills on it.

I strongly recommend you support that new technology, because in the end, what we have here in Delaware does not belong to the utility companies, doesn't belong to people who pay for the electricity. In the end, it belongs to God. And God wants us to take better care of his creation. Thank you.

HEARING EXAMINER PRICE: Mr. Firestone. Then Senator Harris McDowell.

JEREMY FIRESTONE: Good evening. Thank you for holding this forum. My name is Jeremy Firestone.

My comments are going to be principally directed at Delmarva and the presentation it made this
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evening.

A number of people have referred to Delmarva's position as do nothing. I would slightly disagree.

I believe that Conectiv's bid is the do nothing bid. It's, basically, do the same thing that we've been doing. And I think it's time to do something else.

What Delmarva proposes is not do nothing, but do Delmarva. It has presented today -- and its report is not objective. It's not balanced, and they didn't come with an open mind. They came with a closed mind. They didn't want a long-term bid.

All you have to do is look at the first draft IRP, integrated resource plan, to see that Delmarva had decided before this process began they wanted no

bidder.

Now, we heard that we got two data points out there. We got two data points that say, when we bought power in 2005, we had one point. We bought power in 2006, we got another point. If you connect those two points, we have price stability.

Well, anyone who has done even rudimentary statistics knows that two data points don't

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make a trend. It certainly doesn't make a conclusion that we got price stability.

We've also heard sort of conflicting statements, for example, on the Bluewater Wind's proposal, it is not stable because it won't completely stabilize the system; yet it's too much flow. Those are completely inconsistent statements.

The reason it doesn't provide 100 percent price stability to the system is because it's not 100 percent load. If it was 100 percent load, it would provide 100 percent stability.

But Delmarva specifically limited and argued specifically for limits on the amount of load that could be bid. They cannot now complain that because the load doesn't match the customer load that it doesn't provide 100 percent stability. Those are completely inconsistent positions.

Delmarva today has brought up two things that they really hadn't emphasized before. That a new power bid would chill conservation. Again, there is nothing to suggest that's true. We need both paths. We need both new innovative ways to produce power and we need to be more efficient with the way we do it.

And lastly, Delmarva talked about

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hurricanes and the concern over hurricanes with the wind power project. What they didn't tell you is that no hurricane has made landfall in Delaware in over 60 years. That any hurricane that has come near the Delaware coast is, essentially, a Category 1. Wind farms are built to withstand Category 3 or Category 4 hurricanes. It's not really a concern.

Lastly, the statute, and Delmarva has emphasized this, that the touchstone in HB6 is price

stability in a cost effective manner. Cost effectiveness is not a cost benefit test. It doesn't mean that the benefits have to exceed the cost. And so even if we take their numbers for granted and we assume their numbers are right, the question is, with the project, is the price stability that it affords, is the environmental protection that it affords, worth the cost. That's the question. That's the cost effectiveness question. That's not the question that Delmarva has presented. And that's the question this Commission needs to answer.

Thank you.

HEARING EXAMINER PRICE: Good evening, sir.

SENATOR HARRIS McDOWELL: Your Honor, Commissioners. My name is Senator Harris McDowell,

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H-A-R-R-I-S M-C-D-O-W-E-L-L.

I would like to emphasis, as I did Tuesday night, I did not come to speak in favor of or against any of the three proposals that are before this body.

Rather, I would like to report on something I think is very, very germane to the actions herein. Although that will have to be decided by the honored Commissioners and the agencies involved. That is, the Legislative Task Force should create the Sustainable Energy Utility for which I chair.

That task force is joined by the University of Delaware Center for Energy Environmental Policy and our co-chair is Dr. Byrne from that center.

Tonight I would like to focus a little differently than on Tuesday night on the affordability of a sustainable energy utility, which aims to cut the energy use of participants by 30 percent by supporting conservation and energy efficiency, including equipment, such as appliances, HVAC and even cars.

Yes. We would cross the energy and fuel low because combined on behalf of consumers, the energy efficiency and savings, these costs would come down to a price between three to five cents per kilowatt hour

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equivalent, that is 10 to 12 cents less than producing energy and pushing it over lines to the consumer.

The SEU would help residents and businesses to install 300 megawatts of renewable energy at affordable prices, while reducing peak load by 500 megawatts.

In addition, the SEU will provide independence of fossil fuel spike. Decongestion could reduce outages. Help citizens afford needed energy. Cut CO2 emissions by 5.5 million metric tons a year and help those with low and fixed incomes to afford necessary energy.

This could be done without any taxpayer support or ratepayer premium. The ratepayer will purchase a significant portion of their energy needs at 3.5 cents, as I said earlier.

These proven techniques will bring consumer savings as high as $1,100 a year per resident. They will reduce peak load at no cost to ratepayer government. Reduce pollution from CO2, more than any other proposal I have seen.

All of this can be done in the free market with the consumer having the freedom to chose whether to participate or not to.

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The task force will present its detailed proposals and analysis therein and all information. And proceedings can be found on the website at WWW.SEU-DE.ORG.

Consumer based sustainable energy is affordable for our consumer and for our environment.

I'll end by my intro. You cannot get a unit of energy cheaper or cleaner than to find a way to not have to use it. Thank you.

HEARING EXAMINER PRICE: I believe everyone has had an opportunity to speak who signed up on the sign-up sheets.

I want to, once again, remind everyone that they are welcome to submit prepared comments by March 23rd at the PSC by four o'clock.

I appreciate everyone coming out tonight. I think we have all shared some thoughtful comments and intelligent comments. Thank you and good night. This evening's hearing is now concluded.

(The Public Service Commission Hearing

was concluded at, approximately, 9:45 p.m.)

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C E R T I F I C A T E

STATE OF DELAWARE:

:

NEW CASTLE COUNTY:

I, Gloria M. D'Amore, a Registered Professional Reporter, within and for the County and State aforesaid, do hereby certify that the foregoing Public Service Commission Hearing, was taken before me, pursuant to notice, at the time and place indicated; that the statements of said parties was correctly recorded in machine shorthand by me and thereafter transcribed under my supervision with computer-aided transcription to the best of my ability; that the Public Service Commission Hearing is a true record of the statements given by the parties; and that I am neither of counsel nor kin to any party in said action, nor interested in the outcome thereof.

WITNESS my hand and official seal this 14th day of March A.D. 2007.

_____

GLORIA M. D'AMORE
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